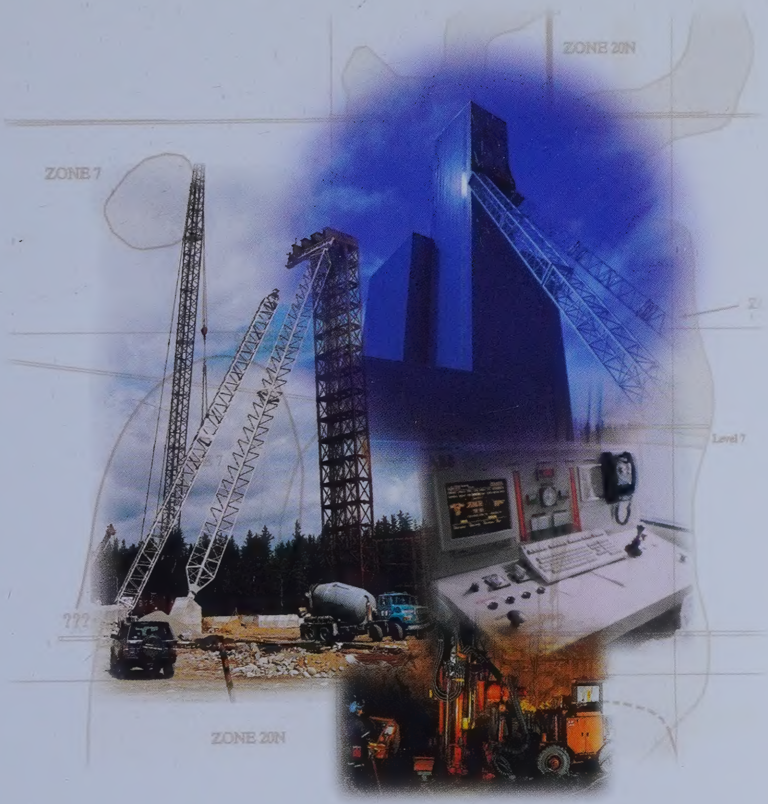

AGNICO-EAGLE *Mines Limited* • ANNUAL REPORT *1996*

Agnico-Eagle Mines Limited is an established Canadian gold producer with 23 years of continuous gold production totalling over 2 million ounces. The Company has low cost operations, growing production and reserves, and a strong financial position. Its operations and exploration activities are centered primarily in the provinces of Ontario and Quebec in Canada's principal mining region. In 1996, the Company produced approximately 160,000 ounces of gold at a cash operating cost of US$210 per ounce, making Agnico-Eagle one of the lowest cost gold producers in North America. Current proven and probable gold reserves stand at 1 million ounces, with an additional 3.5 million ounces in the mineral resource category, at the Company's principal operating unit, the LaRonde Division. The Company's growth strategy is focused on expanding production and reserves at the LaRonde Division and developing additional producing properties internally or through acquisition. Agnico-Eagle's common shares are widely held and traded on the Toronto and Montreal exchanges (AGE) in Canada and the New York Stock Exchange (AEM) in the United States.

AGNICO-EAGLE MINES LIMITED

HIGHLIGHTS

- Expansion program at LaRonde Division gets go-ahead.
- New mineralized zones at LaRonde Division continue to grow in size and remain open for expansion.
- Cash operating costs of US$210 per ounce still among lowest in North America.
- LaRonde Division mine rescue team wins Quebec provincial mine rescue competition.

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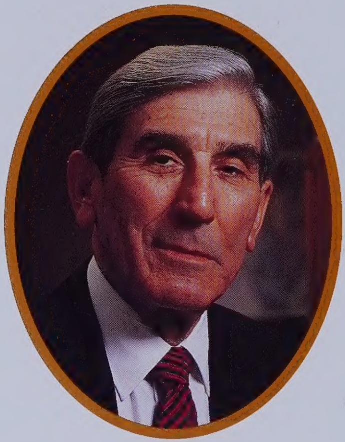


It is with considerable sadness that the many shareholders of Agnico-Eagle and its associated companies mark the passing of Paul Penna, its founder and driving force, who died August 29 at age 73.

The Penna story is indeed a Cinderella one, for he certainly came up the hard way, overcoming hurdles galore. Starting out as a penny stock salesman, he wrested control of the original Agnico company in a fiercely fought fight back in 1962 when it had but a small and struggling silver mine in Ontario's Cobalt camp, with virtually no money. At that time the shares were trading around 30 cents.

Something of a loner who shunned partnerships, he almost singlehandedly raised that company to senior mine status. It can now boast a very healthy and expanding ore picture, a bulging treasury and its shares listed on the Toronto, Montreal and New York Stock Exchanges.

Liked and respected by his shareholders and employees alike, he became internationally recognized as a top-notch operator and mining executive. He abhorred debt, running his operations with a small but highly dedicated team of experts. And, with no regrets, chose to stay in Canada.

Humble, kind and generous, his life was a very charitable one in which he won respect in top Canadian and international mine financing circles, where he had little difficulty raising all the money he needed for his many mining undertakings.

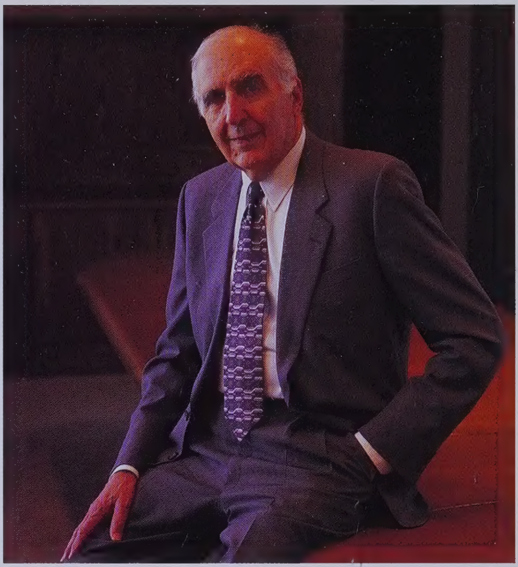
Too, he developed a unique bond with the shareholders, many of whom reside in the United States but who have flocked to his annual meetings year after year. They liked his personal and friendly greeting, frankness and off-the-cuff remarks.

And he certainly won recognition in Canadian mining circles – chosen "Mining Man of the Year" in 1985 by the highly regarded *Northern Miner,* was the first recipient of the "Developers Award" of the Prospectors and Developers Association of Canada that same year, and ultimately was inducted into The Canadian Mining Hall of Fame in 1996.

Paul Penna's legacy is the prized LaRonde Mine in Quebec, which will continue to churn out gold, silver and copper in increasing volumes for years to come (increasing the mill capacity by 80% to 3,600 tons per day already under way). And there are three other potential gold mines within the Agnico-Eagle fold currently under full underground development. Too, he leaves a highly efficient operating and management staff.

Paul Penna will long be remembered – and missed. The Canadian mining industry needs more of his ilk.

— M.R. (Mort) Brown, P.Eng.
Former Editor, Publisher of the *Northern Miner*



Wencel A. Hubacheck

President and CEO

Agnico-Eagle Mines Limited

During 1996 Agnico-Eagle continued to build its asset base and position itself for an acceleration of its exploration drilling and an expansion of gold reserves and production. At the LaRonde Division, mineral resources continued to be converted to ore reserves and a decision was made to begin a large scale expansion program, which is expected to result in a significant increase in production. At the Goldex Division, the overall grade of the sizeable mineral resource was confirmed in 1996 by the success of a large mill test, and recent drilling has indicated that this mineral resource is potentially more extensive than originally believed.

Although we continued to find more gold and meet our project development objectives in 1996, our financial results fell short of expectations. Earnings in 1996 of $0.3 million or $0.01 per share were adversely affected by a number of factors, including lower copper by-product revenue as a result of significantly lower copper prices and lower interest income as a result of reduced cash balances and much lower interest rates. Despite the fact that reduced by-product revenue increased our unit costs to produce an ounce of gold, Agnico-Eagle continued to record one of the lowest cash operating costs in the North American gold mining industry at US$210 per ounce. More importantly, much lower cash operating costs are possible upon completion of the expansion program at the LaRonde Division due to the richness of the new ore zones.

At the end of 1996 our financial position remained strong, with a cash position in excess of $87 million. To support our expansion plans at the LaRonde Division and to pursue our aggressive exploration and development programs, we have recently strengthened this financial position by completing a public issue of 4 million common shares for net proceeds of approximately $56 million.

Once again this annual report features an underground map of the expanding gold reserve and mineral resource picture at the LaRonde Division. Proven and probable contained gold ounces continue to exceed 1 million ounces, with a mineral resource estimated to contain 3.5 million ounces. The various mineralized zones which host this mineral resource also contain significant quantities of silver, copper and zinc. All of the mineralized zones remain open for expansion, and they continue to be the focus of an extensive underground exploration and development program.

The Company's primary objective is to build Agnico-Eagle into a larger and more profitable gold producer. The first step in this process is to increase production and gold reserves at the LaRonde Division. Construction of an expanded milling facility begins this summer and the sinking of the new Shaft #3 continues, having reached the halfway point of its planned depth of 7,350 feet. Completion of Shaft #3 is expected in early 1999, facilitating additional deep exploration to determine the extent of the ore and the start of commercial production from the new ore zones. At full production, expected in the year 2000, mill throughput at the LaRonde Division is projected to increase 80 percent. This will result in higher gold and by-product metal production and much lower cash operating costs to produce an ounce of gold.

In 1997 the Company's aggressive drilling program to increase its ore reserve base and expand its mineral resource at the LaRonde Division will be accelerated. Beginning in the third quarter of 1997, the new underground workings from Shaft #3 will provide a base to begin 450,000 feet of definition and exploration drilling. This represents a twofold increase in underground drilling over the previous three years and it is expected to result in the conversion of the existing mineral resource to ore reserves and provide an indication of the ultimate size of the extensive mineralization at LaRonde. We look forward

with great anticipation to the results of this extensive underground drilling program.

In addition to the expansion at the LaRonde Division, Agnico-Eagle is looking to develop new gold reserves at its Goldex Division and its Vezza Project. Underground exploration programs are expected to be completed on these projects by mid-year, followed by feasibility studies on the economics of each project. We are particularly excited about the prospects for the Goldex Project, which remains the largest unexploited gold deposit in the Province of Quebec. The amenability of the Goldex Project to large scale, low cost mining techniques combined with a metallurgically simple ore offers the prospect of cost efficient mining and sizeable gold production. The Goldex Project, together with the mining of the new mineralized zones at LaRonde, has the potential to significantly expand Agnico-Eagle's gold production. Assuming a positive feasibility study at Goldex, total gold production from LaRonde and Goldex has the potential to reach 400,000 ounces annually by 2001, representing an increase of 2½ times over current gold production levels.

At associated company Sudbury Contact's Victoria Creek Project, the exploration effort has moved into the next phase. This project is situated in the Kirkland Lake gold camp, which has been home to some of Canada's largest gold producers. During 1996, the exploration program moved underground with the start of a three-year advanced exploration program. The program is designed to access and confirm the mineralized zones identified to date and to provide a base for an extensive underground exploration drilling program to expand the known mineralized zones and explore for new zones.

Agnico-Eagle's exploration efforts are highly focused in proven gold areas. Our LaRonde Mine is located on the Cadillac Break of northwestern Quebec, which is part of the Abitibi Belt, the richest gold belt in Canada. The vast majority of Agnico-Eagle's property holdings are situated within the Abitibi Belt and we hold a significant unexplored land position east and west of the LaRonde Mine along the Cadillac Break. Our knowledge of the geology of the Abitibi Belt is extensive as we have operated and explored in the region for over 30 years. In this region, Agnico-Eagle and its associated companies have under evaluation a combined mineral resource with an estimated contained gold content of approximately 6 million ounces, or six times our present gold reserves. The mineralized zones that comprise this mineral resource are all open for expansion and underground exploration programs are in

AGNICO-EAGLE'S FORMULA FOR SUCCESS REMAINS FAIRLY SIMPLE. FOCUS ON GOLD, OPERATE IN STABLE PRO-MINING REGIONS, AND BUILD ON OUR YEARS OF EXPERIENCE AS DEVELOPERS AND OPERATORS OF UNDERGROUND GOLD MINES.

progress at four separate properties, including the producing LaRonde Mine, to convert the mineral resources to ore reserves and expand the overall mineral resource. In 1997 we plan to spend over $70 million exploring and developing our many properties in this prolific mining area.

Agnico-Eagle's formula for success remains fairly simple. Focus on gold, operate in stable pro-mining regions, and build on our years of experience as developers and operators of underground gold mines. This approach has not varied in the more than 30 years that Agnico-Eagle has been producing precious metals. Our senior management team has an average of 25 years of operating and exploration experience and we have a long history of delivering on our promises. Although we are proud of this history, we look forward to the future and to providing investors with a premier gold play that offers growing gold reserves and production, low production costs, a solid financial position, a strong management team and excellent leverage to rising gold prices.

We thank all our employees for their hard work and commitment to building Agnico-Eagle. And we thank our shareholders, many of whom have been with us for a number of years, for their loyalty and continued faith in the Company.

W. A. Hubacheck

Wencel A. Hubacheck, President and CEO
May 7, 1997

Review of

OPERATIONS

IN 1996, THE COMPANY PRODUCED APPROXIMATELY 160,000 OUNCES OF GOLD AND IS ONE OF THE LOWEST COST GOLD PRODUCERS IN NORTH AMERICA. CURRENT PROVEN AND PROBABLE GOLD RESERVES STAND AT OVER 1 MILLION CONTAINED OUNCES, WITH AN ADDITIONAL 3.5 MILLION OUNCES IN THE MINERAL RESOURCE CATEGORY, AT THE COMPANY'S PRINCIPAL UNIT, THE LARONDE DIVISION.

Agnico-Eagle's operating personnel are focused on maintaining our excellent record of employee safety and minimizing the impact our operations have on the environment. To achieve these objectives, all of our activities, from exploration through operations, are designed to minimize environmental and health and safety risks.

The LaRonde Mine continues to operate one of the safest underground mines in the Province of Quebec. During 1996, our accident frequency was again the second lowest in Quebec despite the significant increase in activity at the mine. A measure of the effectiveness of our training and safety incentives program is our low absenteeism rate. In 1996 over 70 percent of mine employees did not miss a single scheduled work shift. Our emergency mine rescue team, which regularly participates in training drills and competitions, will defend its title as the top mine rescue team in the province of Quebec at the upcoming Quebec mine rescue competition.

As part of an environmental plan to manage acid mine water at the LaRonde Division, a water management plan has been formulated and a high density sludge plant is currently being designed. Several scenarios are being reviewed with respect to the selection of a cyanide recovery or destruction process. Both processes eliminate or reduce the cyanide content in the final effluent. The design selected will be based on a final cost benefit analysis. A paste backfill plant also will be constructed in order to provide operating efficiencies and reduce the potential for the oxidation of acid generating waste on surface by returning this waste underground.

At our past producing Silver Division, which is located in an area where silver mining began over 90 years ago, part of the Company's environmental commitment is the reclamation of areas left disturbed by earlier operators. Detailed reclamation plans have been submitted to the provincial regulatory authorities. Pursuant to these plans, the Company maintains an active water quality monitoring program and has returned many areas to their natural state through the revegetation and reclamation of old tailings sites, the recycling of cyanide bearing solutions and the reuse of surface infrastructure and equipment at other Agnico-Eagle operations.

Agnico-Eagle was honoured by the Rouyn-Noranda Chamber of Commerce as Company of the Year in 1996, in recognition of the LaRonde Division's investment and commitment over the years to the communities in which it operates.

LaRonde Division Operations

The LaRonde Mine's low cash operating costs, extensive mineralization and location in a stable pro-mining region make it a world-class gold deposit. With its two production shafts, the mine produced 159,558 ounces of gold in 1996 at an average cash cost per ounce of US$210. A total of 729,362 tons of ore grading 0.24 ounces of gold per ton and 0.92 percent copper was processed in 1996, generating a cash mine operating profit of $35.1 million. Since the commissioning of the mill in 1988, the LaRonde Division has produced over one million ounces of gold. An extensive surface and underground exploratory drilling program, which began in 1990, has been successful in outlining several new ore zones and a large mineral resource to the east of the main production shaft. These ore zones and the expanding mineral resource are currently the focus of an underground exploration, development and expansion program.

At the LaRonde Division, the gold ore also contains silver, copper and zinc. Currently the copper and silver is recovered and these revenues are applied against operating costs as a by-product credit, which results in a decrease in the cash cost to produce an ounce of gold. With substantially lower copper prices and lower copper production in 1996, unit costs to produce an ounce of gold increased to US$210 per ounce. Despite this increase in unit costs, Agnico-Eagle remains one of the lowest cost gold producers in North America, with the prospect for much lower production costs once the expansion program is complete.

To maintain our low cost advantage, Agnico-Eagle is continuing its efforts to reduce costs and make its operations more efficient. Several initiatives were undertaken in 1996 to improve operating efficiencies underground. These included the acquisition of a mechanical rock bolter, which made the task of rock bolting both safer and more efficient. In addition, two ANFO loading service vehicles were placed into operation, accelerating the development loading cycle. Also improved in 1996 was the effectiveness of the mine's fuel handling facilities, with the addition of a new fuel line from surface down to the 25th level. This line eventually will be extended along the ramp on the 25th level to Shaft #3.

The development of new ore blocks continued in 1996 and was focused at the bottom of the main producing zone (Zone 5) from the recently deepened Shaft #1. By the end of 1996, most of the required underground infrastructure had been installed. This included a new pumping station, explosive magazines, ore and waste rock handling facilities, service and maintenance facilities, and development of the 24th and 25th levels. The important ramp development on the 25th level connecting Shaft #1 and Shaft #3 was also started. Development work also continued on the ramp from the surface to the bottom of Shaft #1. This entire ramp system is expected to be completed by mid-1997.

With more complete exploration results available from the Shaft #3 area and upcoming production from the zinc-rich Zone 7 at Shaft #2, an evaluation of various metallurgical options was undertaken in 1996. The test work evaluated options aimed at increasing capacity, improving copper recovery, zinc recovery, recovery and/or destruction of cyanide, grinding circuit automation, and design of a paste backfill plant to be used in future mining operations at Shaft #3.

As a result of this analysis, the copper circuit is being extensively modified and will be completed by the third quarter of 1997. A contract has been awarded to design a new zinc circuit and construction is scheduled to start in August of 1997, with the zinc circuit being commissioned by the third quarter of 1998. Along with the new zinc and copper circuits, environment-related facilities including a new acid water treatment plant are expected to be completed by the end of 1998.

THE LARONDE MINE'S LOW CASH OPERATING COSTS, EXTENSIVE MINERALIZATION AND LOCATION IN A STABLE PRO-MINING REGION MAKE IT A WORLD-CLASS GOLD DEPOSIT.

LaRONDE MINE LONGITUDINAL SECTION >

This longitudinal section presents a vertical view, looking north, of the underground workings and planned development on the various mineralized zones at the LaRonde Division. The property covers a distance of 1.5 miles from east to west and exploration drilling has encountered mineralization to a depth of 7,300 feet below surface. Seven separate mineralized zones have been identified to date within a 1,000 foot north/south horizon which extends across the property. Each zone is numbered according to its relative position within the horizon; the lower the number, the further north the zone sits.

Construction of Shaft #3 is continuing and the first two of four new development levels (level 7 and level 9) will provide the initial underground base to begin the 450,000 feet extensive underground drilling program in the third quarter of 1997. The objective of the drilling program is to convert mineral resource to ore reserves, expand the known mineral resource and gather the necessary information to develop the detailed mining plan for the new ore zones.

ZONE 4

This zone includes the Blackburn Open Pit.

Reserves:

Proven	*155,974 tons*	@	*0.09 ounces of gold per ton*
Mineral Resource	*1,574,742 tons*	@	*0.08 ounces of gold per ton*

Current Status: *No work was performed in 1996 and none is planned for 1997.*

ZONE 5 - MAIN ZONE - SHAFT #1

This producing zone continued to be the main source of ore. A total of 507,487 tons grading 0.22 ounces of gold per ton were mined in 1996 producing 102,890 ounces of gold.

Reserves:

Reserves in both proven and probable categories are: 2.6 million tons grading 0.16 ounces of gold per ton.

Current Status: *Development of the ore block below the 21st level and construction of a ramp to Shaft #3 from the 25th level is in progress.*

ZONE 6 - SHAFT #2

Commercial production began from Shaft #2 in August 1995. A total of 221,875 tons grading 0.28 ounces of gold per ton were mined in 1996, producing 56,668 ounces of gold. Zone 6 consists of two separate occurrences, one at Shaft #2 and the second at depth.

Reserves:			Gold (oz)	Silver (oz)	Copper %	Zinc %
Probable	*451,141 tons*	@	*0.28*	*1.18*	*1.17*	*2.60*
Mineral Resource	*947,364 tons*	@	*0.13*	*1.26*	*0.29*	*2.11*

Current Status: *Exploration will continue to test Zone 6 at depth in 1997.*

ZONE 7

Zone 7 consists of four separate occurrences on the LaRonde property. The first occurrence was noted during development work on the 20th level exploration drift. The second occurrence was located to the west of Zone 6 at Shaft #2. The third occurrence was found at Shaft #3 at a depth of 1,500 feet below surface and the final occurrence was at a depth of 5,600 feet, located 2,800 feet to the east of Shaft #1.

Reserves:			Gold (oz)	Silver (oz)	Copper %	Zinc %
Probable (a)	*201,968 tons*	@	*0.15*	*1.89*	*0.15*	*4.76*
Mineral Resource (b)	*4,715,966 tons*	@	*0.32*	*1.17*	*0.15*	*1.45*

(a) – Zone 7 surface

(b) – Zone 7 depth (includes Shaft #3 occurrence)

Current Status: *Exploration drilling below Shaft #2 is scheduled to begin in the second quarter of 1997. Zone 7 at Shaft #3 has yet to be defined. Zone 7 remains open at depth and to the west. The central area remains to be drilled and is open for expansion.*

Zone 7 (west of Shaft #2) was definition drilled in 1996. Production is scheduled for the third quarter of 1998. Definition drilling of Zone 7 also indicated the presence of a new relatively small zone, Zone 5C, that remains to be defined.

ZONE 18

Zone 18 was discovered in September 1993, 300 feet east of Shaft #2. No mineral resource has been calculated on this zone.

Current Status: *Drilling from Shaft #2 intersected mineralization that may be the upward extension of Zone 18. Drilling is scheduled to start in the second quarter of 1997.*

ZONE 19

Zone 19 was discovered in September 1993, 2,300 feet east of Shaft #1. Originally three drill holes intersected the zone. Definition drilling in 1996 has determined that this zone is an extension of the gold/copper section of Zone 20 North. The previous mineral resource estimates have been transferred into Zone 20 North.

ZONE 20 NORTH - SHAFT #3

Discovered in April of 1993, Zone 20 North has been traced over a horizontal distance of 2,600 feet and down to a depth of 7,300 feet below surface. It is currently the second largest known massive sulfide lens at the LaRonde Division.

Exploration and definition drilling in 1996 has resulted in a significant increase in mineral resource estimates and a transfer of mineral resource into probable ore reserves.

Reserves:			Gold (oz)	Silver (oz)	Copper %	Zinc %
Probable (gold)	*1,214,584 tons*	@	*0.12*	*1.83*	*0.63*	*0.71*
Probable (zinc)	*2,379,642 tons*	@	*0.02*	*2.29*	*0.09*	*8.59*
Mineral Resource (gold)	*7,087,240 tons*	@	*0.15*	*3.12*	*0.61*	*1.49*
Mineral Resource (zinc)	*9,456,289 tons*	@	*0.04*	*2.58*	*0.07*	*9.73*

Current Status: *Zone 20 North remains open for expansion at depth and to the west. In 1997, exploration drilling conducted from the 20th level exploration drift will be focused on extending the gold/copper mineralization at depth and to the west. Definition drilling conducted from the new Shaft #3 (level 7 and level 9) is scheduled to start in the third (level 7) and fourth (level 9) quarters of 1997.*

ZONE 20 SOUTH - SHAFT #3

Discovered simultaneously with Zone 20 North in April 1993, Zone 20 South is located 3,000 feet east of Shaft #1. The zone has been traced over a horizontal distance of 2,300 feet and a vertical distance of 4,000 feet. Mineralization has been traced down to a depth of 7,300 feet below surface.

Definition drilling of the upper portion has resulted in the transfer of mineral resource into probable ore reserves. Definition drilling of the lower portion will be conducted from the new Shaft #3 (level 7 and level 9).

Reserves:			Gold (oz)	Silver (oz)	Copper %	Zinc %
Probable	*667,610 tons*	@	*0.39*	*2.50*	*0.45*	*4.12*
Mineral Resource	*2,542,041 tons*	@	*0.17*	*0.68*	*0.19*	*1.00*

Current Status: *Exploration drilling in 1997 from the 20th level exploration drift will probe the western and depth extensions of Zone 20 South. Definition drilling from the new Shaft #3 (level 7 and level 9) is expected to begin in the third (level 7) and fourth (level 9) quarters of 1997.*

Shaft #3 Probable Reserves and Mineral Resource Estimates

Category	Zone #	Short Tons	Gold Oz/ton	Silver Oz/ton	Copper %	Zinc %
PROBABLE	20N (Gold)	1,214,584	0.12	1.83	0.63	0.71
PROBABLE	20S (Gold)	667,610	0.39	2.50	0.45	4.12
PROBABLE	20N (Zinc)	2,379,642	0.02	2.29	0.09	8.59
RESOURCE	6	947,364	0.13	1.26	0.29	2.11
RESOURCE	7	4,715,966	0.32	1.17	0.15	1.45
RESOURCE	20N (Gold)	7,087,240	0.15	3.12	0.61	1.49
RESOURCE	20N (Zinc)	9,456,289	0.04	2.58	0.07	9.73
RESOURCE	20S	2,542,041	0.17	0.68	0.19	1.00
	TOTAL	29,010,736	0.14	2.21	0.26	4.78

Ore Reserves (Shaft #1 & #2)
Zones 4 & 4B
Mined Out
Planned Development

LaRonde Division Exploration and Development

Although the LaRonde Division is a solid asset which generates strong operating profits and cash flows, the real story at LaRonde is the potential to improve on its past performance by expanding gold production and gold reserves. In 1996, Agnico-Eagle continued to move closer to its goals of producing increasing quantities of gold at low costs and significantly expanding the gold reserve base at LaRonde.

Agnico-Eagle is pursuing an aggressive drilling program to delineate and prove-up the extensive mineralization at LaRonde. A total of 100,923 feet of drilling was completed on the LaRonde property in 1996. Of this total, 76,169 feet was categorized as definition drilling, while 24,754 feet was exploration drilling. The focus of the drilling was threefold: firstly, to fully define known ore reserve areas; secondly, to continue the transfer of mineral resource to ore reserve which began in 1995; and finally, to continue to add to mineral resource by following up on known indications and by the discovery of new mineralized zones. The program was successful on all counts.

For the eighth consecutive year, the LaRonde Division's exploration and development program maintained its proven and probable reserves at or above the one million ounce level. At Shaft #3, mineral resource was transferred to ore reserves for the second straight year, while the overall mineral resource estimate continued to expand. Total estimated contained gold ounces, including ore reserves and mineral resource, at Shaft #3 increased from 3.7 million ounces in 1995 to 4.0 million ounces in 1996, plus substantial quantities of by-product silver, copper and zinc mineralization.

Exploration drilling continued to probe the central areas and depth extension of Zone 20 North as well as the down plunge extension of Zone 20 South at Shaft #3. A total of 19,186 feet of drilling was completed during the year. The drill hole intersections in the central area and at depth continued to confirm the gold-copper, zinc-silver zoning as well as the continuity of the Zone 20 North mineralization from a depth of 2,200 feet below surface to a depth of 7,300 feet below surface. Zone 20 North is still open for expansion at depth and to the west. The drilling also indicated that Zone 19, which was originally thought to be a separate zone, was actually the gold-copper portion of Zone 20 North. The drilling has also confirmed the down plunge extension of Zone 20 South and has indicated that this zone is more widespread than originally thought. In 1997, exploration drilling will continue from the 20th level exploration drift and will be focused on a largely unexplored area below the main producing ore zone and on an area directly to the west of Zone 20 North and Zone 20 South at depth.

In 1997 the exploration program at Shaft #3 is moving into a more advanced stage. By the end of May, the shaft will have reached a depth of over 3,700 feet. By the third quarter of 1997, the first of the four development levels (level 7) will be reached and underground development started. This will be followed by the second level (level 9) towards the end of the fourth quarter. Development on both of these levels is extremely important as it will permit the start of the extensive underground drilling program. A total of 450,000 feet of drilling has been planned, and, due to the proximity of these development levels to the

FOR THE EIGHTH CONSECUTIVE YEAR, THE LARONDE DIVISION'S EXPLORATION AND DEVELOPMENT PROGRAM MAINTAINED ITS PROVEN AND PROBABLE RESERVES AT OR ABOVE THE ONE MILLION OUNCE LEVEL.

Gold Ore Reserves

	1996*	1995	1994
Proven - tons	2,260,357	2,701,850	2,920,721
Average grade - ounces per ton	0.20	0.18	0.20
Probable - tons	3,040,163	3,261,309	2,000,149
Average grade - ounces per ton	0.18	0.17	0.18
Total proven and probable reserves - tons	5,300,520	5,963,159	4,920,870
Average grade - ounces per ton	0.19	0.18	0.19

* The current zinc/silver ore reserves of the Company are not included in the above table. At December 31, 1996 they stand at 2,379,642 tons at a combined grade of 2.29 ounces of silver per ton and 8.59% zinc with minor quantities of gold and copper.

ore zones, much shorter drill holes will be used, resulting in a substantial increase in the quantity of our exploration drill data. In addition, the ramp development from the 25th level between Shaft #1 and Shaft #3 will be completed by the middle of next year, providing another access point for exploration and development of the various mineralized zones.

The start of the expanded definition drilling program at depth will accelerate the transfer of mineral resource to ore reserve as well as add to ore reserves. Historically, the definition drilling conducted to date from the 20th level exploration drift has resulted in an increase in reserves from those calculated based on exploration drilling. The 25th level ramp development and development on the 7th and 9th levels will play a major role in defining the upper half of the mineral resource, as well as accelerate the development of the ore reserve.

The definition drilling completed over the past two years has permitted the transfer of approximately 4.0 million tons into the proven and probable reserve categories. This transfer has permitted the LaRonde Mine to develop a conceptual mining plan and production profile for the next five years. Preliminary production plans call for an increase in the daily mining rate from the current 2,000 tons per day to 3,600 tons per day within four years.

The first production from Shaft #3 is scheduled to be hoisted by the middle of 1999. To assist with mine planning, engineering and rock mechanics studies are currently in progress to devise the safest and most cost-effective sequence of extracting the ore reserve. Initial plans call for production from the zinc rich upper section of Zone 20 North and the gold rich Zone 20 South, to be followed by future production at depth from Zones 20 North and Zone 7.

Modification of the milling circuit will track the pace of the underground development program. Currently, the copper circuit is being upgraded, with completion expected by the third quarter of 1997. The addition of a new zinc circuit will commence this summer and will be completed within one year. Construction of the other facilities related to the mine expansion, such as the paste backfill plant and cyanide recovery/destruction facility, will be started in 1998. In 1998, construction to increase the total milling capacity from the current 2,000 tons per day to 3,600

tons per day is scheduled to commence. Annual production forecasts of approximately 225,000 ounces of gold, 3.0 million ounces of silver, 10 million pounds of copper and 90 million pounds of zinc have been projected by the year 2001. In addition, assuming the successful completion of the expansion program and based on metal price assumptions of US$0.55 per pound for zinc, US$0.90 per pound for copper and US$5.00 per ounce for silver, estimated cash costs to produce an ounce of gold after deducting the by-product revenue could be as low as US$125 per ounce in 2001.

The total capital costs for the project over and above the Shaft #3 exploration and development program have been estimated at approximately $175 million, of which $75 million has been budgeted for the mill expansion program and $100 million for the underground preproduction program. The total capital investment over the next five years at the LaRonde Division, including the expansion program, completing the Shaft #3 development program, deferred development and maintenance capital, has been projected at approximately $246 million.

GOLDEX DIVISION

The Goldex Division's major asset is a 100 percent working interest in the Goldex Extension Property, which contains the Goldex Deposit. The property is located in the heart of the Val d'Or mining camp in northwestern Quebec. Exploration drilling and underground development on the property has outlined a large zone of gold mineralization. Historically, the gold content within the deposit has been highly variable. As a result, to establish the continuity and grade of the mineralization, test mining and a large scale mill test was required.

Accordingly, work in 1996 focused on extracting and milling a large representative mineralized block from the 8th level (2,400 feet below surface). A total of 113,394 tons was milled at a local custom mill. Over 8,300 ounces of gold was recovered, resulting in a head grade of 0.074 ounces of gold per ton and an overall recovery rate of 94.2%. This result was much better than expected, as drilling within the test block area had predicted a grade of 0.049 ounces of gold per ton. Part of the bulk sample was taken from outside the previous mineral resource outline, suggesting that the mineralization may be more extensive than previously thought. The gold grades returned were significantly higher than predicted and similar to the previous mill test completed in 1995, when 36,000 tons of development material grading 0.069 ounces of gold per ton was milled.

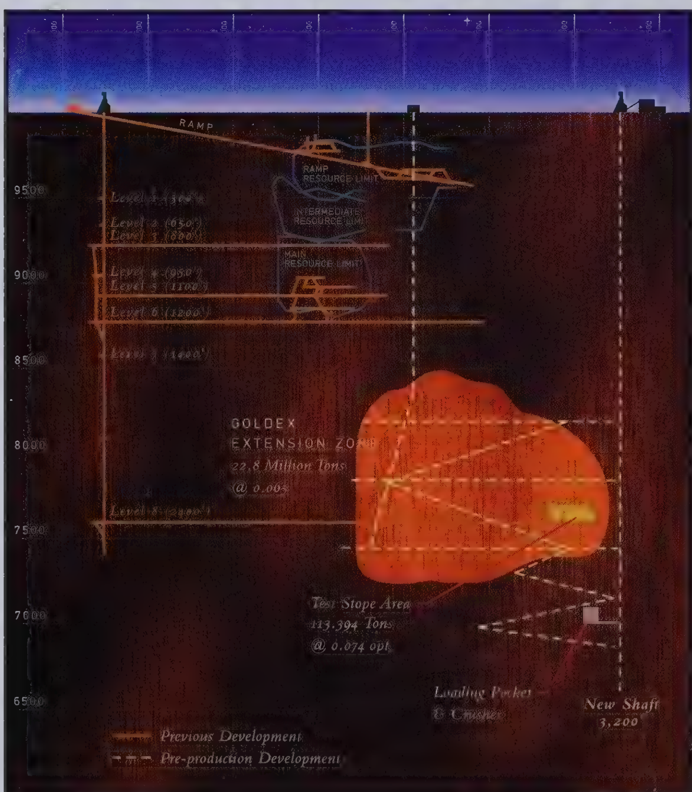
The mill test results have indicated the potential for a large tonnage mining operation, and a prefeasibility study was completed during the year. The study was based on a total capital expenditure of $125 million, including a new production shaft, underground development, milling complex and surface infrastructure. A daily milling rate of 5,000 tons per day was projected, with an average head grade of 0.072 ounces of gold per ton. The conceptual mine plan envisions processing the ore on site using a gravity and flotation circuit to produce a concentrate that would be processed and refined at the LaRonde Division. Total operating costs have been esti-

mated at $22 per ton or an equivalent cash operating cost of US$255 per ounce. Based on this scenario, production of 125,000 ounces of gold per year has been estimated. Production could commence approximately three years after the start of construction and is contingent on a positive feasibility study and obtaining financing for the project.

As part of an ongoing process to refine the mineral resource estimates and to obtain sufficient data to complete the feasibility study, the previous mineral resource estimate was reviewed by an independent consultant. The independent consultant concluded that the Company's overall tonnage and grade estimate of 25.4 million tons grading 0.073 ounces of gold per ton is reasonable. However, based on a calculation using smaller areas of influence around drill holes, the independent consultant produced a mineral resource estimate of 22.8 million tons grading 0.065 ounces of gold per ton. A 35,000 foot drilling program is currently ongoing to provide closer spaced data points within the mineral resource and to extend the mineral resource outside of the known outline. Initial drill results from this program have confirmed the estimates within the known mineral resource. More importantly, initial drilling outside of the known mineral resource outline has indicated that the overall mineral resource is potentially larger than previously estimated, with one drill hole returning 0.09 ounces of gold per ton over 408 feet or 0.10 ounces of gold per ton over a shorter interval of 300 feet.

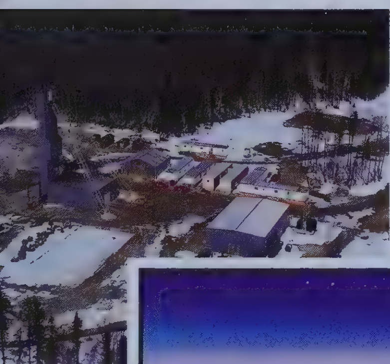
The underground drilling program is expected to be completed during the second quarter, and the results of this program will be used to calculate a revised mineral resource estimate which will form the basis of the feasibility study on the Goldex Project. This study is expected to be completed during the 1997 third quarter and will include an evaluation of various large scale underground bulk mining scenarios which appear to be well suited to the large dimensions and relatively simple metallurgy of the Goldex Deposit.

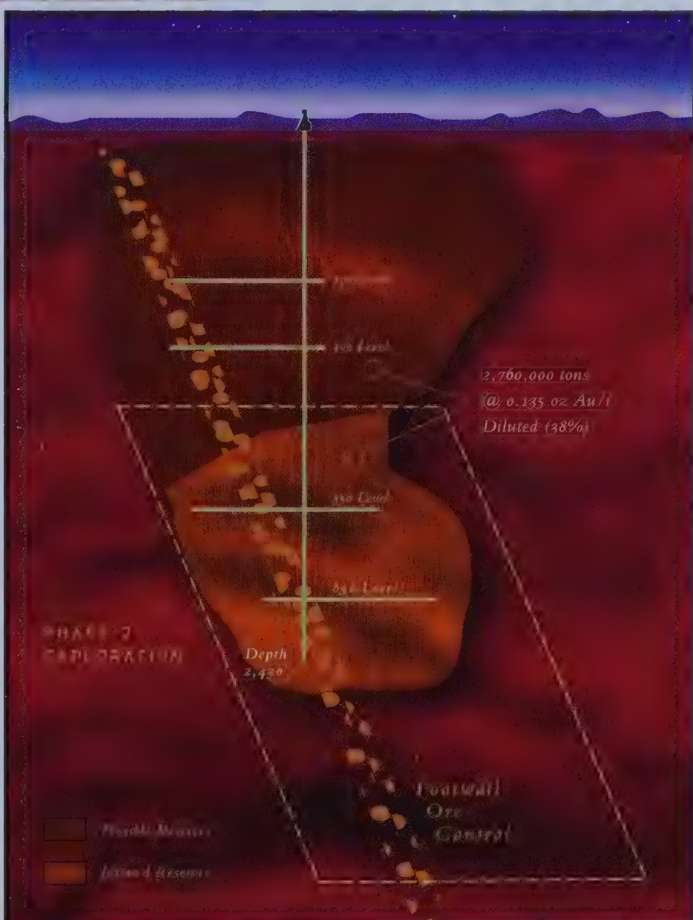
Goldex Project longitudinal and aerial views.



JOUTEL DIVISION

Vezza Project aerial and longitudinal views.





Although mining operations were discontinued at the Joutel Division in 1993, the milling assets are being kept on care and maintenance until the Company determines the feasibility of developing the nearby Vezza Project and the feasibility of utilizing the Joutel Division mill to process the Vezza Project mineralization. The Vezza Project consists of the Vezza deposit and adjoining ground located 38 miles from the 1,800 ton per day Joutel Division milling facilities.

During 1996, the shaft at the Vezza Project was deepened by a total of 1,315 feet to a depth of 2,430 feet to provide access to the mineral resource below the 300 level and to explore the vertical extension of the deposit at depth. The proposed underground exploration program includes 8,000 feet of level development and 80,000 feet of drilling.

To date, a total of 5,000 feet of development has been completed on two new levels, the 550 level and the 650 level. All drill stations have been cut and development has started on the mineralized zones on both the 550 and 650 levels. The level development work is expected to be completed by the end of May 1997.

Approximately 30,000 feet of the planned drill footage of 80,000 feet has been completed to date, with most of the drilling restricted to the previously known mineral resource area. While still early in the drill program, the definition drilling conducted from the 550 level has confirmed previous mineral resource estimates.

Preliminary exploration results at depth have traced the mineralization to a depth of 3,400 feet below surface. Diamond drilling (both definition and exploration) is expected to be completed by the middle of the year.

The new results will be incorporated into a feasibility study that is expected to be completed during the third quarter of 1997. Several scenarios will be evaluated, including bringing selected areas into production and mining less economical areas when market conditions dictate. Other scenarios include the evaluation of a stand-alone mining and milling facility on the Vezza site rather than trucking ore to the Joutel milling facility as originally thought. The construction of the mill would reduce operating costs and permit other mining methods and development alternatives to be utilized.

Outside

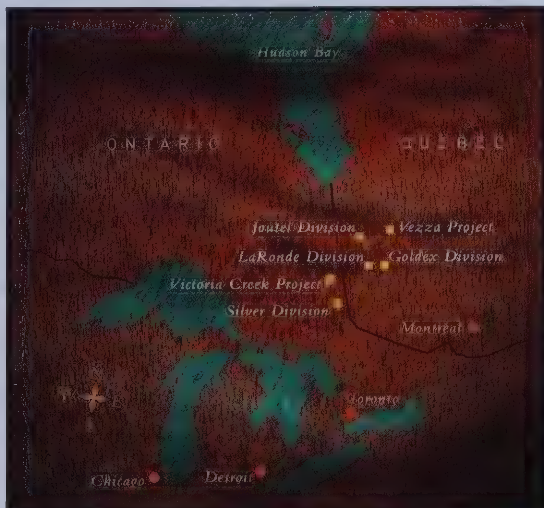
EXPLORATION

AGNICO-EAGLE'S EXPLORATION EFFORTS ARE HIGHLY FOCUSED IN PROVEN GOLD AREAS. THE VAST MAJORITY OF OUR PROPERTY HOLDINGS ARE WITHIN THE ABITIBI BELT, THE RICHEST GOLD BELT IN CANADA, WHERE WE HAVE OPERATED AND EXPLORED FOR OVER 30 YEARS.

Agnico-Eagle's growth strategy is based on a continued focus on opportunities in proven gold areas within North America. In addition to pursuing the internal growth opportunities described below, the Company is looking to expand its development base through acquisition of undeveloped mineral resources or reserves and/or producing properties. Historically, Agnico-Eagle's producing properties have resulted from a combination of investment in early stage exploration companies and primary exploration activities. By investing in early stage exploration companies, Agnico-Eagle has been able to acquire control of exploration properties at favourable prices and utilize its mining expertise to add value by maximizing the potential of these properties. The Company's goal is to apply the proven operating principles of the LaRonde Division to each of its existing and future properties.

Agnico-Eagle maintains a strong commitment to exploration, with current exploration activities predominantly centered in northern Ontario and Quebec, covering the prolific Abitibi greenstone belt. This region hosts some of Canada's largest gold and base metal deposits and it continues to be an excellent place to look for new gold deposits. We have an established operating presence and a long history of mining in this area, and our exploration objectives in the region are to increase ore reserves at or near existing operations and to develop new property positions and opportunities.

In conjunction with exploration programs at our LaRonde Division and Goldex and Vezza Projects, our field offices are actively acquiring and working new ground in three major areas: the LaRonde and Joutel areas in Quebec and the Kirkland Lake/Temiskaming area in Ontario. Including underground exploration at LaRonde, Goldex and Vezza, Agnico-Eagle and its associated companies will spend approximately $70 million on exploration and development in 1997.



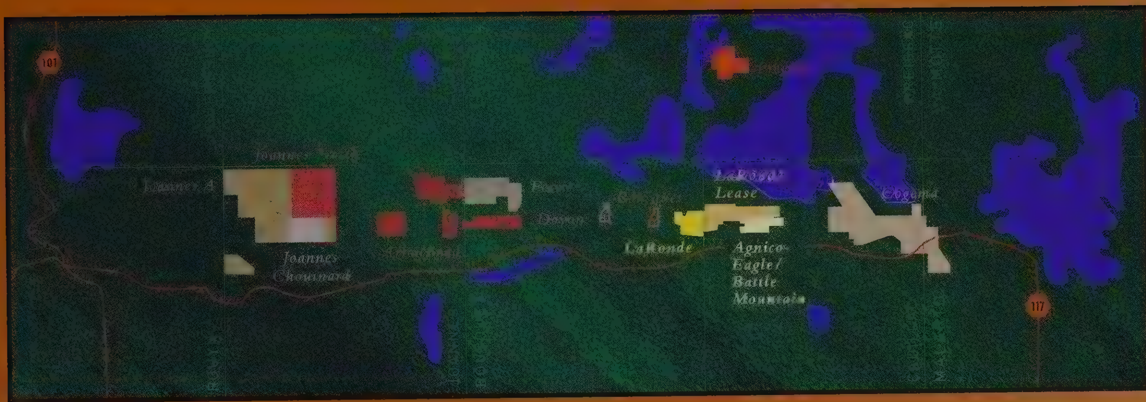
EXPLORATION DIVISION

Agnico-Eagle's Exploration Division is based in Val d'or, Quebec, and it conducts exploration in Quebec. The division's property holdings comprise 44 properties covering almost 80,000 acres. In 1996 over 47,000 feet of surface drilling was completed on our extensive land holdings in these areas at a cost of $1.9 million. One of our newer properties that has demonstrated good potential is the Montbray property located 19 miles west of Rouyn, Quebec. Earlier exploration work by Agnico-Eagle geologists identified a gold bearing structure almost one mile long. Gold values between 0.01 and 0.15 ounces of gold per ton over widths of 15 to 30 feet were returned. The total length of this structure could exceed 2 miles, and exploration work during 1997 will search for extensions of the gold bearing structures and look for areas of gold enrichment. Based on these positive exploration results, we have increased our property position in the area.

In the Joutel area, drilling has identified several new geological structures. These structures appear similar to local structures that have hosted past producing copper mines in the area. The 1997 drilling program will attempt to identify the extent of these structures and focus on those areas with the greatest potential to contain gold.

Surface exploration of our large property holdings in the Vezza area continued in 1996. Drilling identified a new area of alteration similar to that occurring at the Vezza deposit. The geological model of the Vezza deposit will be used to attempt to identify new areas for discovering Vezza-type deposits. In addition, the Company is looking to acquire more property in the Vezza area to capitalize on our extensive knowledge of the region.

During 1996 the Company remained very active on its property interests in the immediate vicinity of the LaRonde Mine. On the joint venture property with Battle Mountain Gold, surface drilling continued to identify the same geological trend that hosts the LaRonde Mine. The joint venture property is located a few miles east of LaRonde and it has excellent potential given the many geological similarities with LaRonde. Agnico-Eagle maintains a 50 percent interest in the property, with Battle Mountain Gold acting as operator of the exploration program. Beyond the immediate vicinity of the LaRonde Mine, the Company has built up a significant property position along the Cadillac Break. Ongoing exploration work on many of these properties has identified several targets which will be drilled in 1997. The Exploration Division staff work very closely with the geological staff at the LaRonde Mine in assessing these targets. A total of 10,000 feet of drilling is planned for the LaRonde area properties in 1997.



Barrick Agnico-Eagle Barrick/Cambior Agnico-Eagle/Battle Mountain

6 miles

AGNICO-EAGLE HAS BUILT UP A SIGNIFICANT PROPERTY POSITION ALONG QUEBEC'S PROLIFIC CADILLAC BREAK. ITS EXPLORATION DIVISION HOLDS 44 PROPERTIES COVERING ALMOST 80,000 ACRES.

SUDBURY CONTACT MINES, LIMITED

Agnico-Eagle, together with its associated companies, has a 73 percent interest in Sudbury Contact. Sudbury Contact is an exploration company with interests in 21 properties covering almost 85,000 acres in Ontario and Quebec. Sudbury Contact has two principal areas of interest: the first is to develop the gold potential along the Larder Lake-Cadillac Break, where the main focus is on the Victoria Creek Project, and the second is to develop the diamond potential along the Temiskaming Rift, which is a geological structure that extends from Ontario into Quebec.

Sudbury Contact's most advanced project is the Victoria Creek Project, located in the historic Kirkland Lake gold camp in Ontario. Based on an extensive surface drilling program, the mineral resource at Victoria Creek was recalculated and now stands at approximately 5.5 million tons grading 0.10 ounces of gold per ton. This resource includes a higher grade section, known as the eastern felsic zones, which contains approximately 1.5 million tons grading 0.15 ounces of gold per ton.

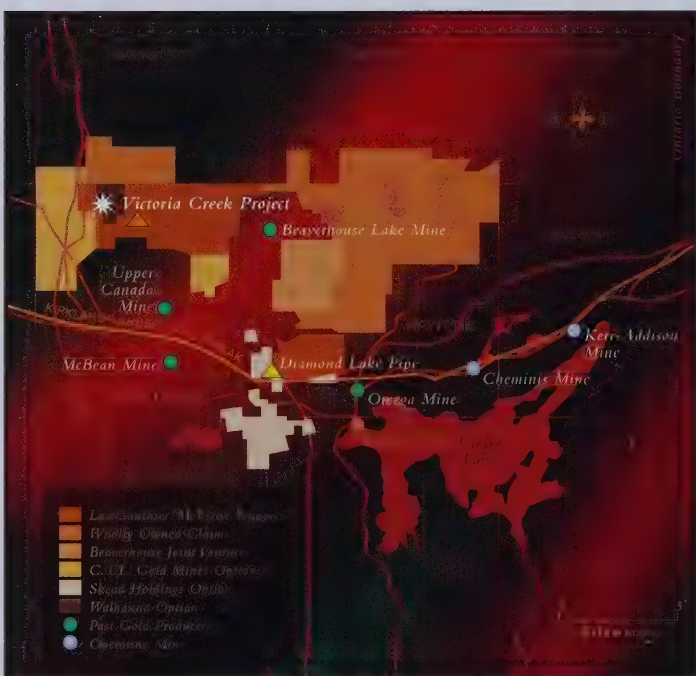
In 1996 the exploration effort moved underground, with the start of a three year advanced underground exploration program. The underground program includes the sinking of a shaft down to a depth of 1,675 feet, 11,000 feet of level development on three levels and 72,000 feet of drilling to prove the grade and continuity of the mineralized zones and to add additional mineralization by testing additional underground targets.

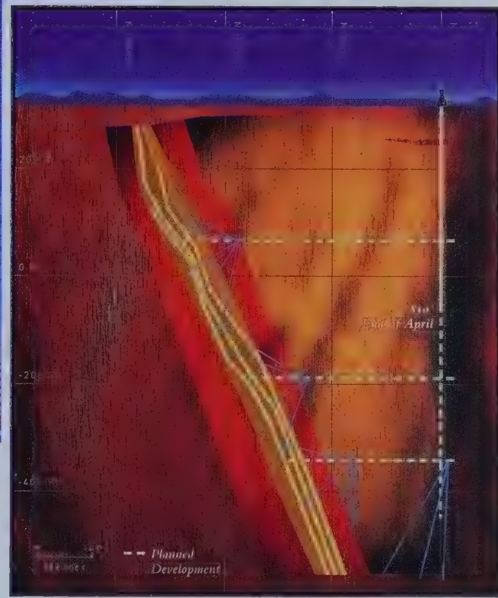
In 1996, a total of $8.6 million was spent on site preparation and construction of the surface mining facilities. A total of $9.2 million has been budgeted for 1997 including shaft sinking, level development and approximately 10,000 feet of drilling. Shaft sinking is scheduled to be completed at the end of the third quarter of 1997, with development starting on all three levels in the fourth quarter. Underground diamond drilling will be started towards the end of the fourth quarter of 1997.

In addition to the underground program, surface drilling will continue at the project in 1997. Over 9,000 feet of drilling will be directed towards promising targets along the five mile strike length of favourable geology surrounding the Victoria Creek deposit.

In 1996 Sudbury Contact continued to explore and evaluate its diamond properties in Ontario and Quebec. Following the discovering in 1995 of three diamond bearing kimberlite pipes, Sudbury Contact has advanced more than 50 targets to the drilling stage. A reverse circulation drilling program is currently being conducted.

Location map of Sudbury Contact's Victoria Creek Project and other property holdings in the historic Kirkland Lake gold camp.





The newly-constructed headframe at Victoria Creek, and cross section showing location of mineralized zones.

SILVER CENTURY EXPLORATIONS LTD.

Agnico-Eagle, together with its associated companies, has a 72 percent interest in Silver Century. This company has recently expanded its exploration and property acquisition activity. Silver Century is currently exploring in four Canadian provinces: Ontario, Quebec, Nova Scotia and Newfoundland. Silver Century's property position consists of 15 projects covering an area of 89,000 acres with the potential for shear hosted gold deposits and polymetallic, volcanogenic massive sulphide deposits. The programs on these projects range from preliminary to advanced grassroots exploration, with a total of more than 30,000 feet of drilling being recommended on the various projects. Essentially, these acquisition opportunities allow Silver Century to participate in high quality exploration projects in proactive mining areas in Canada.

Of particular note is Silver Century's joint venture agreement with Phelps Dodge Corporation of Canada, Limited, entered into in February 1997. Pursuant to this agreement, Phelps Dodge has agreed to transfer to Silver Century ownership interests in up to nine properties owned by or optioned to Phelps Dodge in Ontario, Quebec and eastern Canada, provided that Silver Century incurs certain exploration expenses in respect of such properties. During the first year of this agreement, Silver Century expects to incur approximately $1 million in respect of such expenses.

In March 1997, Silver Century announced the discovery of high grade copper mineralization (5.78 percent copper over 18 feet) on the Stoke Property, one of the properties in the above mentioned joint venture, located immediately northeast of Sherbrooke, Quebec. The mineralization occurs as heavily disseminated to locally massive, pyrite-chalcopyrite bands hosted in a mafic to intermediate pyroclastic unit. Silver Century and Phelps Dodge plan to identify additional target areas on the Stoke Property with ground and airborne geophysics, geological mapping and geochemical surveys. In addition, both parties are currently assessing the alternatives with respect to follow-up drilling to confirm the extent of this high grade copper discovery.

MD&A

1996 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company's revenues are derived primarily from the mining of gold, which is generally sold at spot market prices due to the Company's general policy not to sell forward its future gold production. As a result, the Company's operating results are directly related to the price of gold, which can fluctuate widely.

Gold prices are influenced by many factors which are beyond the Company's control, including central bank sales, producer hedging activities, global demand and production levels, expectations of inflation and the value of the US dollar relative to other major currencies. A measure of the Company's sensitivity to gold price movements is reflected in a net income change of approximately $1.3 million for each US$10 per ounce change in the average annual gold price, based on the Company's 1996 annual gold production.

The Company's operating income and cash flow are also affected by changes in the US/Canadian dollar exchange rate as all of the Company's operating costs are incurred in Canadian dollars and all revenues are earned in US dollars. Based upon the Company's 1996 income from production, a 5% change in the average annual US/Canadian dollar exchange rate would affect net income by approximately $2.4 million. To minimize the impact of exchange rate movements on operating results and to take advantage of periods of relative weakness in the Canadian dollar, the Company has periodically utilized foreign exchange forward contracts and options. See Note 12 to the Consolidated Financial Statements for a description of the Company's risk management practices.

The Company's 1997 gold production is budgeted at approximately 160,000 ounces. The Company's total average cash production costs per ounce are expected to rise in 1997 to approximately US$215. The Company anticipates that its average cash costs of production per ounce will continue to increase until the Company increases its by-product metal production in 2000. Although cash production costs are expected to decline in 2000 when significant increases in by-product silver and zinc production are expected, there can be no assurance that the Company will be able to maintain or reduce average cash production costs per ounce of gold.

The degree of profitability of the Company's operations will also be affected by the costs and results of its exploration and development programs. At December 31, 1996, the Company had approximately one million contained ounces of gold in proven and probable gold reserves, which is equivalent to about seven years of production at current mining rates. In addition, the Company currently has an estimated mineral resource of approximately 3.5 million ounces at the LaRonde mine, its sole producing property. As mines have limited lives based on proven reserves, the Company seeks to replace and expand its reserves, primarily through exploration and development activities. Although the Company expects that its current exploration and development activities will result in expanded gold reserves and increased production, particularly at its LaRonde Division, there can be no assurance that gold production will be expanded or reserves will be increased given the various uncertainties inherent in any gold exploration and development program.

Effective January 1, 1996, the Company adopted new accounting recommendations concerning "Financial Instruments — Disclosure and Presentation" and has applied them retroactively to restate the Consolidated Financial Statements for the years ended December 31, 1995 and 1994 to reflect the separate presentation of the equity and liability components of the Company's convertible notes due January 27, 2004 (the "Convertible Notes"). See Notes 6 and 12 to the Consolidated Financial Statements for a description of the new accounting recommendations.

Results of Operations

In 1996, the Company recorded net income of $0.3 million, or $0.01 per share, compared to $18.6 million, or $0.50 per share, in 1995 and $12.2 million, or $0.33 per share, in 1994. Factors contributing to the decrease in net income in 1996 included higher cash mine operating costs (due principally to lower copper production and significantly lower copper prices), a $6.5 million reduction in interest and sundry income due primarily to lower interest rates and reduced cash balances, a one time charge of $5.0 million to record the payment of the Company's obligation under an employment contract to the estate of the former President of the Company (see Note 4(b) to the Consolidated Financial Statements) and lower gold production and gold prices.

Revenue for 1996 was $80.9 million compared with $88.3 million in 1995 and $76.6 million in 1994. Realized gold prices were US$372, US$384 and US$388 for 1996, 1995 and 1994, respectively. Revenue for 1996 was adversely affected by a price adjustment of $1.7 million on 52,500 ounces of gold bullion on hand as inventory and lower realized gold prices on the settlement of fourth quarter gold production during the first quarter of 1997 when gold prices were lower. A 5% decrease in gold production to 159,558 ounces in 1996, compared with 167,209 ounces in 1995 and 144,584 ounces in 1994, also contributed to reduced revenue. The decreased gold production in 1996 was attributable to slightly lower gold grades as the quantity of ore milled in 1996 was essentially unchanged from 1995. The lower gold grade, of 0.24 ounces of gold per ton compared to 0.25 ounces of gold per ton in 1995, was the result of mining activities being carried out at increasingly higher levels in the main ore zone where ore grades gradually decline as the mineralization gets closer to the surface. In 1997, gold production is expected to be consistent with 1996 production levels as a higher mill throughput rate is expected to offset the slightly lower gold grades anticipated in the main ore zone. Although the LaRonde Division has consistently met its operating and production targets and has not had any significant production interruption since operations commenced in 1988, any adverse condition affecting mining or milling operations at the LaRonde Division could be expected to have a material adverse effect on the financial results of the Company until such time as the condition is remedied.

Cash mine operating costs per ounce at the LaRonde Division increased to US$210 per ounce during 1996 compared to US$152 in 1995 and US$174 in 1994. Although lower gold production contributed to the rise in unit costs, the primary factor in the increasing operating costs was the drop in net by-product revenue due to declining copper production and much lower copper prices. The average price of copper received

fell to US$0.97 per pound in 1996 compared to US$1.34 in 1995 and US$1.25 in 1994. This decline in copper price and lower copper production accounted for a $8.5 million decline in net by-product revenue in 1996 representing a unit cost increase of US$39 per ounce of gold. With higher unit operating costs and lower gold revenue, the LaRonde Division recorded a decrease in cash mine operating profit to $35.1 million, compared to record cash mine operating profit in 1995 of $53.3 million and $42.1 million in 1994. Although the Company believes it is currently one of the lowest cash cost producers in the North American gold industry, its cash costs of production are expected to increase over the next three years as lower grade ore is mined from the main zone at the LaRonde Division.

In 1996, exploration expense increased to $5.2 million from $4.6 million in 1995 and $5.0 million in 1994. The increase in exploration spending in 1996 was due to an expansion of exploration activity at two associated companies. In 1997, exploration activity at the Company and its associated companies is expected to continue to increase, with planned exploration expenditures of $5.5 million.

The Company's depreciation and amortization expense increased marginally to $10.2 million from $10.1 million in 1995 and $9.6 million in 1994. On a unit cost basis, the 1996 depreciation and amortization charge amounted to US$47 per ounce. Depreciation and amortization expense is expected to increase in future periods due to the large capital expenditure program required to expand output at the Laronde Division. Any significant increase in depreciation and amortization charges is not expected to occur until full production commences from Shaft #3 at the LaRonde Division, which is expected to occur in 2000. The amount of increased depreciation and amortization expense will be determined by the expected economic life of the LaRonde Division, which is anticipated to be extended as the ongoing exploration and development program expands the ore reserve base.

Administration charges of $7.2 million in 1996 were consistent compared to $7.2 million expended in 1995 and $6.9 million expended in 1994. Assuming current rates of inflation and capital tax rates, the Company expects only moderate increases in administrative expenses in future periods.

The Company invests its excess cash in low risk Canadian and US dollar short-term investments and net income is affected by the amount of cash available and the rates of return on such investments. In 1996, lower average cash balances combined with lower interest rates resulted in interest and sundry income declining to $5.6 million from $12.1 million in 1995 and $8.5 million in 1994. Interest rates on short-term cash deposits averaged approximately 4.2% in 1996 compared to 6.9% in 1995 and 5.0% in 1994. Interest expense in 1996 amounted to $11.5 million compared to $11.7 million in 1995. The change in interest expense is the result of the Company retroactively applying new Canadian accounting recommendations regarding financial instruments, which increases for accounting purposes the effective interest rate on the Company's Convertible Notes from 5.75% to approximately 8%. See Note 6 to the Consolidated Financial Statements for a more detailed discussion of the impact of these new accounting recommendations.

The effective income and mining tax rate for 1996 was 39%, which is generally consistent with rates of 35% and 37% in 1995 and 1994, respectively. The effective income and mining tax rate in future periods is expected to be approximately 38%. See Note 10 to the Consolidated Financial Statements for further information relating to the composition of the tax provision.

Liquidity and Cash Resources

Cash flow declined in 1996 as a direct result of lower gold and copper prices, reduced gold and copper production and lower interest rates. Cash provided by operating activities before non-cash working capital adjustments decreased to $15.8 million in 1996 from $44.4 million in 1995 and $30.9 million in 1994. At December 31, 1996, the Company had a cash position, including bullion, of $140.4 million, compared with $161.8 million at December 31, 1995 and $183.2 million at December 31, 1994. In addition, the Company's working capital at December 31, 1996 was $119.8 million, compared with $137.3 million at December 31, 1995 and $157.1 million at December 31, 1994.

In April 1997 the Company has strengthened its financial position by completing a public issue of 4 million common shares for net proceeds of approximately $56 million.

IN APRIL 1997 THE COMPANY HAS STRENGTHENED ITS FINANCIAL POSITION BY COMPLETING A PUBLIC ISSUE OF 4 MILLION COMMON SHARES FOR NET PROCEEDS OF APPROXIMATELY $56 MILLION.

Working capital increased significantly in 1994 as a result of the issuance of US$126.5 million aggregate stated amount at maturity of Convertible Notes for net proceeds of approximately US$101.9 million. Net proceeds from the Convertible Notes have provided enhanced liquidity and a stable, low cost source of capital to fund the Company's capital investment program. The Convertible Notes, which are denominated in US dollars, also act as a natural currency hedge against the Company's US dollar revenue stream. See Note 6 to the Consolidated Financial Statements for a description of the terms of the Convertible Notes.

In 1995, the Company established a US$13 million unsecured hedging facility with a Canadian chartered bank to cover the potential exposure associated with fluctuations in foreign exchange (primarily the exchange rate between the Canadian and US dollar) and gold hedging products. Although the Company's general policy is not to sell forward its future gold production, it will review this policy on a project by project basis, making use of its hedging facilities where appropriate to ensure an adequate rate of return on new projects. At December 31, 1996, none of the Company's future gold production had been sold forward. In addition, the Company had approximately 52,500 ounces of gold bullion on hand and unsold at December 31, 1996. This gold bullion on hand has been recorded in the accounts at an average price of US$370 per ounce.

Capital Expenditures

The Company's principal use of cash in 1996 was mining property additions of $54.3 million. Capital investment in 1996 was focused at the LaRonde Division. A total of $35.1 million was spent in 1996 at the LaRonde Division to develop the existing ore body, as well as to expand and develop new ore zones, including $12.2 million for maintenance capital and deferred development, $1.1 million for underground drifting and drilling and $21.8 million to deepen Shaft #1 and continue the program to sink Shaft #3 to provide access to the Zone 20 area. Shaft sinking and underground exploration continued at the Vezza Project and the Goldex Project in 1996, with project expenditures of $6.6 million and $2.5 million, respectively. In addition, $9.9 million in deferred exploration and capital expenditures were incurred at the Victoria Creek Project of associated company Sudbury Contact Mines, Limited. All of these expenditures were financed from cash generated by operating activities and from cash on hand.

Over the next five years, the Company plans to continue its capital investment program with capital expenditures during this period expected to total approximately $246.5 million at the LaRonde Division on deferred development, maintenance capital and project costs. The major project costs during this period are planned at the LaRonde Division on the Zone 20 project and they include extending a ramp into the new ore zones from Shaft #1 and sinking Shaft #3, at an estimated total cost of $22.4 million. In conjunction with this development program, the Company has also outlined a major expansion program which will include an expanded milling facility along with underground development of the new ore zones at an estimated cost of $175.3 million over the next five years. In addition, maintenance capital, deferred development and underground drifting and drilling costs at the LaRonde Division over the next five years are expected to total $48.8 million. In 1997, the Company plans to incur approximately $2.8 million and $2.4 million in capital expenditures on underground exploration programs at the Vezza Project and Goldex Project, respectively. In addition, $16 million in capital expenditures are planned during 1997 and 1998 on the underground exploration program at Sudbury Contact's Victoria Creek Project.

The expansion program at the LaRonde Division may require the Company to seek external financing to fund a portion of the program. Sources of external financing include bank borrowings and future additional debt or equity financings. There can be no assurance that any such financing will be obtainable or that the terms thereof will be attractive to the Company. Actual future capital expenditures, including pre-production costs, will be determined by the success of the exploration and development activities on existing properties and any newly acquired properties.

Although the amounts of dividends paid in the past have varied, the Company has paid a cash dividend to its shareholders in each of the last 17 years. The amount paid in 1996 was US$0.10 per share, which is consistent with the amount paid in 1995 and 1994. Although the Company expects to continue to pay an annual cash dividend, future dividends will be at the discretion of the Company's Board of Directors and will be subject to such factors as the Company's earnings, financial condition and capital requirements.

1996 SUMMARIZED QUARTERLY FINANCIAL AND OPERATING DATA

(thousands of Canadian dollars, except per share and per ounce amounts) [1]	Quarterly Period Ended				
	March 31st	June 30th	Sept. 30th	Dec. 31st	Year 1996
CONSOLIDATED FINANCIAL RESULTS					
Income from production	$ 19,999	$ 24,457	$ 17,985	$ 18,418	$ 80,859
Net income for the period	$ 1,796	$ 3,915	$ (5,112)	$ (283)	$ 316
Earnings (loss) per share	$ 0.05	$ 0.10	$ (0.13)	$ (0.01)	$ 0.01
Operating cash flow [2]	$ 6,187	$ 9,952	$ (3,892)	$ 3,556	$ 15,803
Operating cash flow per share	$ 0.16	$ 0.26	$ (0.10)	$ 0.09	$ 0.41
Gold production - ounces	36,699	46,742	36,068	40,049	159,558
Average cost - per gold ounce produced - US$	198	187	249	215	210
Average gold price - per ounce produced - US$ [3]	399	383	380	337	372
Average exchange rate - US$ per Canadian dollar	0.7329	0.7327	0.7308	0.7331	0.7336
DIVISIONAL OPERATING AND FINANCIAL SUMMARY					
LaRonde Division					
Income from production	$ 19,999	$ 24,457	$ 17,985	$ 18,418	$ 80,859
Cash mine operating costs	9,910	11,942	12,266	11,647	45,765
Cash mine operating profit	$ 10,089	$ 12,515	$ 5,719	$ 6,771	$ 35,094
Tons of ore milled	176,032	179,325	180,639	193,366	729,362
Grade - ounces of gold per ton	0.23	0.28	0.22	0.23	0.24
Gold production - ounces	36,699	46,742	36,068	40,049	159,558
Copper production - pounds	2,949,996	2,784,571	2,421,206	2,333,314	10,489,087
Cash operating costs - per gold ounce produced net of by-product revenue - US$	198	187	249	215	210

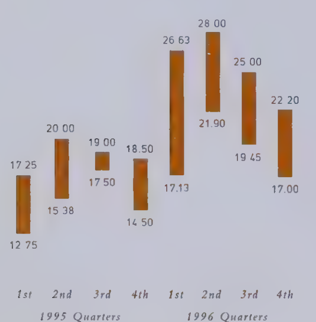
[1] All dollar figures are expressed in Canadian funds unless otherwise indicated.

[2] Before non-cash working capital adjustments. Operating cash flow for the quarter ended Sept. 30th includes a one-time payment of $5,000 to the estate of the former President of the Company.

[3] Average gold price per ounce produced for the quarter and for the year ended Dec. 31st reflects a price adjustment to gold bullion and bullion awaiting settlement of $1,666 and $1,566 or US$8 and US$29 per gold ounce produced, respectively.

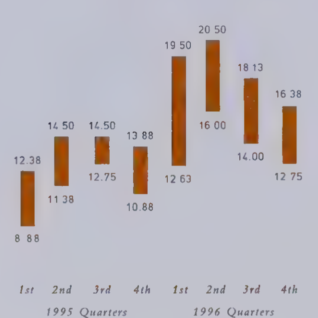
SHARE PRICE PERFORMANCE – CDN$

(Quarterly high/low closings, in dollars per share)



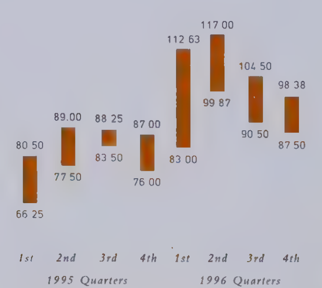
SHARE PRICE PERFORMANCE – US$

(Quarterly high/low closings, in dollars per share)



CONVERTIBLE NOTES DUE 2004 – US$

(Quarterly high/low closings, in dollars per share)



Agnico-Eagle Mines Limited

(Incorporated under the laws of Ontario)

Years ended December 31, (thousands of Canadian dollars, except per share and per ounce amounts)	1996	1995	1994	1993	1992
		[note 2]	[note 2]		
FINANCIAL DATA [Note 1]					
Income from production	$ 80,859	$ 88,344	$ 76,562	$ 77,508	$ 70,547
Costs of production and other expenses	69,207	58,700	57,790	68,327	61,895
Operating income	11,652	29,644	18,772	9,181	8,652
Other income (expenses)	(11,136)	58	1,731	(685)	(1,307)
Income and mining taxes expense	(200)	(11,089)	(8,180)	(1,320)	(1,135)
Minority interest	—	—	(85)	211	—
Net income	$ 316	$ 18,613	$ 12,238	$ 7,387	$ 6,210
Earnings per share	$ 0.01	$ 0.50	$ 0.33	$ 0.23	$ 0.22
Cash dividend declared per share - US$	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10
Capital expenditures	$ 54,343	$ 59,924	$ 38,133	$ 18,948	$ 9,040
Working capital (deficiency)	$ 119,830	$ 137,279	$ 157,073	$ 45,208	$ (10,260)
Total assets	$ 412,034	$ 383,908	$ 357,280	$ 190,821	$ 102,826
Senior convertible notes	$ 134,275	$ 128,842	$ 127,818	$ —	$ —
Common shareholders' equity	$ 201,163	$ 190,954	$ 173,363	$ 152,188	$ 43,330
Weighted number of shares outstanding	38,741	37,137	36,880	31,954	28,092
Average gold price per ounce received - US$	372	384	388	362	340
OPERATING DATA					
LaRonde Division					
Income from production	$ 80,859	$ 88,344	$ 76,533	$ 71,299	$ 55,431
Cash mine operating costs	45,765	35,073	34,436	39,222	34,376
Cash mine operating profit	$ 35,094	$ 53,271	$ 42,097	$ 32,077	$ 21,055
Tons of ore milled	729,362	728,064	620,217	638,523	601,055
Grade - ounces of gold per ton	0.24	0.25	0.25	0.26	0.24
Gold production - ounces	159,558	167,209	144,584	152,355	134,474
Copper production - lbs.	10,489,087	12,183,871	10,267,443	9,207,872	7,267,126
Silver production - ounces	295,674	330,532	268,004	270,671	266,412
Cash operating costs - per ton milled, net of by-product revenue - US$	46	35	41	48	47
Cash operating costs - per gold ounce produced, net of by-product revenue - US$	210	152	174	199	211

NOTES:

[1] All dollar figures are expressed in Canadian funds unless otherwise indicated.

[2] In 1996, the Company retroactively applied the new accounting recommendations issued by the Canadian Institute of Chartered Accountants concerning "Financial Instruments - Disclosure and Presentation" to give effect to the separate presentation of the equity and liability components of the Company's senior convertible notes.

The accompanying consolidated financial statements of Agnico-Eagle Mines Limited and all the information in this annual report are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by management in accordance with accounting principles that are generally accepted and considered to be the most appropriate in the circumstances. The consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly, in all material respects. Management has prepared the financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the consolidated financial statements.

Agnico-Eagle Mines Limited maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board, and a majority of its members are independent directors. The Audit Committee meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the annual report, the consolidated financial statements and the external auditors' report. The Audit Committee reports its findings to the Board for consideration when approving the consolidated financial statements for issuance to the shareholders.

The Audit Committee also considers, for review by the Board and approval by the shareholders, the engagement or re-appointment of the external auditors.

The consolidated financial statements have been audited by Ernst & Young, the external auditors, in accordance with generally accepted auditing standards on behalf of the shareholders. Ernst & Young has full and free access to the Audit Committee.

W. A. Hubachek

President

Jean Gaid

Vice-President and Chief Financial Officer

Toronto, Canada,
February 25, 1997.

To the Shareholders of Agnico-Eagle Mines Limited:

We have audited the consolidated balance sheets of Agnico-Eagle Mines Limited as at December 31, 1996 and 1995 and the consolidated statements of income, retained earnings (deficit) and contributed surplus and cash flows for each of the years in the three-year period ended December 31, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1996 and 1995 and the results of its operations and the changes in its financial position for each of the years in the three-year period ended December 31, 1996 in accordance with accounting principles generally accepted in Canada.

As discussed in note 6 to the consolidated financial statements, the Company changed its method of accounting for senior convertible notes payable in 1996.

Ernst & Young

Chartered Accountants

Toronto, Canada,
February 25, 1997.

Agnico-Eagle Mines Limited

(Incorporated under the laws of Ontario)

As at December 31, (thousands of Canadian dollars)	1996	1995
		Restated (note 6)
ASSETS		
Current		
Cash and cash equivalents	$ 87,071	$ 124,503
Gold bullion and bullion awaiting settlement (note 2)	53,306	37,324
Prepaid expenses, supplies and other	10,372	7,026
Total current assets	150,749	168,853
Investments, loans, advances and other assets (notes 3 and 4)	8,405	11,301
Mining properties (note 5)	252,880	203,754
	$ 412,034	$ 383,908
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 15,664	$ 18,295
Dividends payable	6,097	5,860
Income and mining taxes payable	6,558	4,832
Current interest due on senior convertible notes	2,600	2,587
Total current liabilities	30,919	31,574
Senior convertible notes (note 6)	134,275	128,842
Reclamation provision	5,108	4,906
Deferred income and mining taxes	33,225	27,398
Minority interest	7,344	234
Shareholders' Equity		
Common shares (note 8)		
Authorized - unlimited		
Issued 40,098,721 (1995 - 39,759,506)	174,234 ✓	170,669
Other Paid-in capital (note 6)	22,287	22,287
Contributed surplus	9,482 ✓	9,567
Retained earnings	13,895 ✓	18,847
Company's own shares held by subsidiary companies (note 8(a))	(18,735)	(30,416)
Total shareholders' equity	201,163	190,954
	$ 412,034	$ 383,908

Contingency (note 9)

See accompanying notes

On behalf of the Board:

W. A. Hubacheck

Wencel A. Hubacheck, Director

James D. Nasso

James D. Nasso, Director

Agnico-Eagle Mines Limited

Years ended December 31, (thousands of Canadian dollars, except per share amounts)	1996	1995	1994
		Restated (note 6)	Restated (note 6)
Income from production	$ 80,859	$ 88,344	$ 76,562
Costs of production, net of by-product revenue of $15,739 (1995 - $24,559; 1994 - $19,235)	46,713	36,828	36,373
	34,146	51,516	40,189
Exploration expense (related parties of $1,593 in 1994)	5,179	4,611	4,954
Depreciation and amortization	10,165	10,075	9,594
Administration (notes 11(a) and (b))	7,150	7,186	6,869
Operating income	11,652	29,644	18,772
Other income (expense):			
Interest and sundry income -			
Related parties (note 4(b))	85	121	120
Other	5,542	12,036	8,369
Gain on sale of investments (note 3)	232	—	1,097
Foreign exchange gain (loss)	(536)	(441)	2,934
Other expense (note 4(b))	(5,000)	—	—
Interest expense (note 6)	(11,459)	(11,658)	(10,789)
	(11,136)	58	1,731
Income before income and mining taxes	516	29,702	20,503
Income and mining taxes (note 10)	200	11,089	8,180
Income before minority interest	316	18,613	12,323
Minority interest	—	—	(85)
Net income for the year	$ 316	$ 18,613	$ 12,238
Earnings per share	$ 0.01	$ 0.50	$ 0.33

See accompanying notes

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS (DEFICIT) AND CONTRIBUTED SURPLUS

Agnico-Eagle Mines Limited

Years ended December 31, (thousands of Canadian dollars)	1996	1995	1994
		Restated (note 6)	Restated (note 6)
RETAINED EARNINGS (DEFICIT)			
Balance, beginning of year, as previously reported	$ 23,411	$ 7,863	$ (886)
Change in accounting policy (note 6)	(4,564)	(2,560)	—
Balance, beginning of year, as restated	18,847	5,303	(886)
Net income for the year	316	18,613	12,238
	19,163	23,916	11,352
Dividends declared (1996, 1995 and 1994 - US$0.10 per share)	(5,268)	(5,069)	(5,191)
Share issue costs (notes 6)	—	—	(858)
Balance, end of year	$ 13,895	$ 18,847	$ 5,303
CONTRIBUTED SURPLUS			
Balance, beginning of year	$ 9,567	$ 4,736	$ 2,182
Gain (loss) on sale of the Company's own shares held by subsidiary companies (net of related income taxes of $9,014 (1995 - $1,368; 1994 - $250))	(85)	4,831	2,554
Balance, end of year	$ 9,482	$ 9,567	$ 4,736

See accompanying notes

Agnico-Eagle Mines Limited

Years ended December 31, (thousands of Canadian dollars)	1996	1995	1994
		Restated (note 6)	Restated (note 6)
OPERATING ACTIVITIES			
Net income for the year	$ 316	$ 18,613	$ 12,238
Add (deduct) items not affecting cash			
Depreciation and amortization	10,165	10,075	9,594
Deferred income and mining taxes	(48)	10,262	8,049
Foreign exchange gain	—	—	(3,232)
Amortization of deferred financing costs, interest and foreign exchange loss on senior convertible notes	5,607	5,490	5,193
Gain on sale of investments	(232)	—	(1,097)
Other	(5)	7	117
	15,803	44,447	30,862
Net change in non-cash working capital balances related to operations	(3,136)	(1,756)	1,249
Cash provided by operating activities	12,667	42,691	32,111
INVESTING ACTIVITIES			
Additions to mining properties	(54,343)	(59,924)	(38,133)
Increase in investments in subsidiary and associated companies	(6,342)	(4,073)	(5,348)
Increase in investments and other assets	(19)	(208)	(495)
Proceeds on sale of investments (note 3)	1,551	1,056	1,194
Net cash acquired	—	—	355
Increase in advances to related parties	(168)	(208)	(561)
Repayment of advances to related parties	2,848	207	234
Cash used in investing activities	(56,473)	(63,150)	(42,754)
FINANCING ACTIVITIES			
Dividends	(5,031)	(5,140)	(4,783)
Capital stock issued (note 8(b))	3,565	1,047	1,560
(Purchase) resale of the Company's own shares (net of increase (decrease) in amounts due to brokers of ($4,039) (1995 - ($989); 1994 - $5,834))	23,686	2,979	(2,473)
Proceeds from issuance of common shares by subsidiary companies	136	166	—
Proceeds from senior convertible notes	—	—	137,814
Foreign exchange gain from proceeds of senior convertible notes	—	—	3,232
Financing costs of senior convertible notes	—	—	(5,032)
Cash provided by (used in) financing activities	22,356	(948)	130,318
Net increase (decrease) in cash during the year	(21,450)	(21,407)	119,675
Cash position, beginning of year	161,827	183,234	63,559
Cash position, end of year	$ 140,377	$ 161,827	$ 183,234
Changes in components of cash			
Cash and cash equivalents	$ (37,432)	$ (47,413)	$ 120,762
Gold bullion and bullion awaiting settlement	15,982	26,006	(1,087)
	$ (21,450)	$ (21,407)	$ 119,675

See accompanying notes

1. *Summary of Significant Accounting Policies*

These consolidated financial statements of Agnico-Eagle Mines Limited ("Agnico" or the "Company") have been prepared in accordance with accounting principles generally accepted in Canada which, as applied in these consolidated financial statements, are consistent in all material respects with accounting principles generally accepted in the United States, except as described in note 13. Since a precise determination of many assets and liabilities depends on future events, the presentation of consolidated financial statements for a period necessarily involves the use of estimates and approximations. Actual results may differ from such estimates and approximations. The consolidated financial statements have, in management's opinion, been prepared within reasonable limits of materiality and within the framework of the accounting policies referred to below.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and all its subsidiaries, including its associated company, Long Shots Inc. ("Long Shots"), which is classified as a subsidiary for accounting purposes. The Company consolidates its 49.4% effective direct and indirect ownership interest in Long Shots on the basis of the Company's ability to determine their strategic operating, investing and financing policies. Interests in other associated companies in which Agnico has significant influence are accounted for on the equity basis. The difference between the cost of the shares of associated companies and the underlying net book value of the assets is amortized over the lives of the assets to which the difference is attributed. Other long-term investments are accounted for on the cost basis. Individual long-term investments are written down when any loss in value is other than temporary.

The Company recognizes gains and losses on the effective disposition of interests in associated companies arising when such associated companies issue treasury shares to third parties. Gains are recognized only if there is reasonable assurance of realization.

Company's own shares held by subsidiary companies

Two subsidiary companies own shares in Agnico. The cost of the Company's own shares held by subsidiary companies has been presented in the consolidated balance sheets as a reduction of shareholders' equity. Similarly, Agnico's earnings per share has been calculated based on the number of shares outstanding after reduction for the Company's own shares held by subsidiary companies. Changes in the Company's own shares held by subsidiary companies result from purchases and sales of the Company's shares by subsidiary companies.

Nature of operations

The Company is involved in the exploration, development and mining of gold exclusively in Canada. Gold accounted for 100% of the Company's 1996 revenue. Copper and silver accounted for 87% and 13%, respectively, of the Company's 1996 by-product revenue.

The Company's financial position and operating income are directly related to the market price of gold, copper and silver in relation to the Company's costs of production. In addition, changes in the U.S./Canadian dollar exchange rate impact the Company's operating income and financial position.

Gold, copper and silver prices, and the U.S./Canadian dollar exchange rate, fluctuate widely in response to numerous factors beyond the Company's control.

Cash and cash equivalents

The cash position includes cash and cash equivalents with maturities of three months or less.

Gold bullion

Gold bullion is recorded at net realizable value once it reaches a saleable form and revaluations based on fluctuations in market prices are included in revenue.

Bullion awaiting settlement

Bullion awaiting settlement represents metal products sold directly to a smelter and is valued at net realizable value, adjusted periodically and upon final settlement.

Supplies

Supplies, consisting of mine stores inventory, are valued at the lower of average cost and replacement cost.

Deferred financing costs

Deferred financing costs relating to the issuance of the senior convertible notes are being amortized to income over the term of the obligation. If the holders exercise their conversion option, the common shares issued on such conversion will be recorded at an amount equal to the aggregate of the carrying value of the long-term liability and the conversion option extinguished, net of the associated deferred foreign exchange loss and financing costs, with no gain or loss being recognized in earnings.

Mining properties, plant and equipment and deferred expenditures

Mining properties are carried at cost and are amortized using the unit-of-production method based on the expected economic life of each mine. Mining properties that are abandoned are written off.

Plant and equipment, including improvements, are initially recorded at cost. The LaRonde Division records depreciation on plant and equipment on a unit-of-production basis based on the estimated total proven and probable ore reserves of the mine. Repairs and maintenance are charged to costs of production. Major improvements and replacements which extend the useful life of an asset are capitalized and depreciated over the remaining useful life of that asset.

Deferred expenditures represent accumulated exploration and preproduction costs plus applicable interest charges and are not intended to reflect present or future economic values. Mineral exploration expenditures are expensed unless they relate to properties from which a productive result is reasonably certain and on which work is in process. Deferred expenditures relating to a property which is abandoned or considered uneconomic for the foreseeable future are written off.

The amounts capitalized for mining properties and deferred expenditures are reviewed for possible impairment whenever events or circumstances occur that suggest the carrying value of these assets may not be fully recoverable. If the estimated undiscounted future net cash flows that are expected to be derived from the mining properties and deferred expenditures, together with any residual values, are

less than the carrying value of such assets, then a write down is recognized based upon the estimated undiscounted future net cash flows calculated using estimates of proven and probable ore reserves, future expected revenue, estimated operating costs, future reclamation costs and related income and mining taxes.

Reclamation costs

Estimated reclamation costs are based primarily on environmental and regulatory requirements and are accrued, on an undiscounted basis, as a cost of production, when reasonably determinable, on a unit-of-production basis over the remaining life of each mine. Management regularly reviews the accrued reclamation costs, which are revised for changes in future estimated costs and/or changes in regulatory requirements.

Revenue recognition

Gold bullion is recorded at net realizable value once it reaches a saleable form. Metal products sold to a smelter are recorded at net realizable value when they are received by the smelter. In both cases, the estimated net realizable value is included in revenue and gold bullion and bullion awaiting settlement. By-product revenue is accounted for as a reduction of costs of production.

Foreign currency transactions

The gains and losses arising from the translation of foreign currency transactions and balances are included in net income, except for those on long-term debt denominated in foreign currency, which exchange differences are deferred and amortized over the remaining term of the related obligation.

The Company periodically utilizes forward foreign currency exchange contracts and foreign currency option contracts to hedge the effect of exchange rate changes on identified foreign currency exposures. Any gains and losses on these contracts are recorded as part of the related transactions.

Income and mining taxes

The Company records income and mining taxes using the deferral method of income tax allocation. Differences between accounting and taxable income occur as a result of claiming items for income and mining taxes that differ from those recorded for accounting purposes. The tax effect of the resultant differences is reflected on the consolidated balance sheets as deferred income and mining taxes.

Pension costs and obligations

The Company has a defined benefit pension plan for its salaried employees. Pension expense related to the plan is the net of management's best estimate of the cost of benefits provided, the interest cost of projected benefits, return on plan assets and amortization of experience gains and losses. Pension fund assets are valued at current market values. Plan surpluses or deficits, experience gains or losses and the cost of pension plan improvements are amortized on a straight-line basis over the expected average remaining service life of the employee group.

The Company also maintains a defined contribution plan covering hourly and salaried employees. The plan is funded by Company contributions based on a percentage of earnings for services rendered by employees.

(thousands of Canadian dollars, unless otherwise indicated)

2. *Gold Bullion and Bullion Awaiting Settlement*

	1996	1995
Gold bullion	$ 31,925	$ 23,623
Bullion awaiting settlement	21,381	13,701
	$ 53,306	$ 37,324

3. *Investments*

	1996	1995
Investments in publicly traded shares, at cost		
(quoted market value - $821 (1995 - $537))	$ 692	$ 677

In 1996, the Company acquired an additional 10.3% (1995 - 7.4%) of Sudbury Contact Mines, Limited ("Sudbury Contact"), a gold and diamond exploration company, for cash consideration of $5,884 (1995 - $3,923), which brought the Company's direct and indirect ownership interest in Sudbury Contact to 56.1% at December 31, 1996 (1995 - 46.4%). These acquisitions have been accounted for by the purchase method. In 1996, the cost of the shares acquired exceeded the underlying book value of the assets by $4,775 (1995 - $2,816), which amount was ascribed to mining properties.

In 1996, no value was assigned to potential income tax benefits of Sudbury Contact's Canadian exploration and Canadian development expenditures totaling $1.1 million (1995 - $0.2 million). Assuming that the 1996 acquisitions occurred on January 1, 1995, net income and earnings per share, on a pro forma basis, would be $763 in 1996 (1995 - $18,613) and $0.02 (1995 - $0.50) per share, respectively.

In 1996, the Company realized proceeds of $1,258 (1995 - $1,036, 1994 - $1,113) and related income tax expense (recovery) of $(220) (1995 - $68; 1994 - nil) on the sale of 0.6% of the common shares of Sudbury Contact, which amount was recorded as a reduction of the net amount ascribed to mining properties described above. In 1994, the Company realized a gain on sale of investment of Sudbury Contact of $1,020.

4. *Loans, Advances and Other Assets*

	1996	1995
Advances to Jakmin Investments Limited (note 4(a))	$ 705	$ 705
Advances to officer (note 4(b))	—	2,762
Deferred foreign exchange loss on U.S. dollar senior convertible notes,		
less accumulated amortization of $1,518 (1995 - $1,073) (note 6)	3,757	3,485
Deferred financing costs, less accumulated		
amortization of $1,298 (1995 - $853) (note 6)	3,149	3,594
Housing loans, non-interest bearing	102	78
	$ 7,713	$ 10,624

(thousands of Canadian dollars, unless otherwise indicated)

(a) The advances to Jakmin Investments Limited ("Jakmin"), a company 100% owned by the estate of the former President of the Company, are non-interest bearing, unsecured and due on demand. The advances were used, in part, to purchase shares of the Company and an affiliate.

(b) As at December 31, 1995, advances to officer included three loans due from the President of the Company. The principal due on the first advance was $789. The loan bore interest at 8% per annum and was repayable in annual installments of $113 and matures on April 28, 1998. A second advance of $602 bore interest at prime plus 1/2% and is due in full on July 1, 1999. Accrued interest on these advances at December 31, 1995 was $925. Also included in advances to officer was a non-interest bearing loan for $446. This loan was repayable in annual installments of $75 and matures on December 21, 2001.

Under the terms of the former President's employment contract with the Company, the Company was required to pay to his estate upon his death an amount of $1,000 per annum for five years. On November 5, 1996, the Board of Directors agreed to settle the entire obligation by approving a one-time $5,000 payment to his estate, less the above-noted loans of $1,724 and accrued interest aggregating $1,010 owed by him to the Company.

5. *Mining Properties*

	1996	1995
Mining properties, at cost, net of accumulated depreciation of $24,930 (1995 - $21,821)	$ 78,033	$ 54,912
Plant and equipment, at cost, net of accumulated depreciation of $39,650 (1995 - $32,619)	76,802	73,413
Deferred expenditures, at cost	98,045	75,429
	$ 252,880	$ 203,754

At December 31, 1996, the Company has assets under construction in plant and equipment totalling $23,250 (1995 - $18,771) not being depreciated presently.

6. *Senior Convertible Notes*

On January 27, 1994, the Company issued U.S.$126,500 aggregate stated amount at maturity of convertible notes due January 27, 2004 for net proceeds of U.S.$101,929 (Cdn.$133,680) after deducting underwriting commissions of U.S.$3,152 (Canadian $4,134). Other costs of issuing the notes totalled $1,170. The notes bear interest on the issue price of U.S.$830.68 per U.S.$1,000 note at a rate of 5.75% per annum. Current interest equal to approximately 4.21% per annum on the issue price or 3.50% on the stated amount at maturity is payable in cash semi-annually. The balance of such interest

(thousands of Canadian dollars, unless otherwise indicated)

will accrue as deferred interest in the period during which the notes remain outstanding. The notes are convertible to common shares of the Company at the option of the holder, at any time on or prior to maturity, at a rate of 55.762 common shares per U.S.$1,000 stated amount at maturity. The notes are redeemable by the Company, in whole or in part, at any time on or after January 27, 1998 for cash in United States dollars equal to the sum of the issue price plus accrued deferred interest and accrued and unpaid current interest.

The Canadian Institute of Chartered Accountants issued new accounting recommendations concerning "Financial Instruments - Disclosure and Presentation", which are effective January 1, 1996. In fiscal 1996, the Company retroactively applied these recommendations to give effect to the separate presentation of the equity and liability components of the senior convertible notes. The Company has determined that the fair value of the conversion option associated with the senior convertible notes on the date of issuance was U.S.$16,993 (Canadian $22,287), which is reflected as "Other paid-in capital". The Company's obligation to the senior convertible note holders for future interest and principal payments is reflected as a long-term liability, carried at amortized cost. The fair value of the Company's obligation to make principal and interest payments at the time of issuance was U.S.$88,088 (Canadian $115,527). As a result, the effective interest rate on the senior convertible notes for accounting purposes is 8.07% per annum. Applying these new accounting recommendations has resulted in a reduction of net income and earnings per share for the year ended December 31, 1996 of $2,041 and $0.05, respectively (1995 - $2,004 and $0.06 and 1994 - $1,702 and $0.05, respectively). In addition, $858 of financing costs associated with the equity component of the senior convertible notes has been recorded as a share issue cost and charged against retained earnings for the year ended December 31, 1994.

In 1996, the Company's weighted average interest rate on short-term borrowings (amounts due to brokers, which is included in accounts payable and accrued liabilities) was 8.9% (1995 - 9.1%; 1994 - 8.5%) and the weighted average interest at December 31, 1996 was 6.9% (1995 - 9.2%; 1994 - 8.5%). For the year ended December 31, 1996, long-term interest expense was $11,201 (1995 - $11,063; 1994 - $10,295).

7. *Pension Plans*

The Company's defined benefit pension plan is funded based on an actuarial valuation as of December 31, 1996. The components of net pension recovery are as follows:

	1996	1995	1994
Service cost - benefits earned in the year	**$ 64**	$ 58	$ 79
Interest cost on projected benefit obligation	**193**	204	199
Return on assets	**(352)**	(326)	(342)
Amortization of net transition asset, past service liability and net experience gains	**(97)**	(76)	(92)
Net pension recovery	**$ (192)**	$ (140)	$ (156)

(thousands of Canadian dollars, unless otherwise indicated)

Assets of the plan are comprised of pooled Canadian and U.S. equity funds and pooled bond funds. The funded status of the Company's defined benefit pension plan is as follows:

	1996	1995	1994
Market value of plan assets	$ 5,357	$ 4,694	$ 4,344
Accumulated benefit obligation			
Vested benefits	$ 2,702	$ 2,458	$ 2,507
Non-vested benefits	2	—	3
Effect of projected future salary increases	70	112	204
Projected benefit obligation	2,774	2,570	2,714
Excess of plan assets over projected benefit obligation	$ 2,583	$ 2,124	$ 1,630
Comprised of:			
Unamortized transition gain	$ 126	$ 134	$ 143
Unearned net experience gain	2,390	2,073	1,726
Prepaid expenses	384	192	52
Past service liability	(317)	(275)	(291)
	$ 2,583	$ 2,124	$ 1,630
Discount rate	7.5%	7.5%	7.5%
Rate of return	7.5%	7.5%	7.5%
Rate of salary increase	6.0%	6.0%	6.0%
Estimated average remaining service life	18 years	20 years	21 years

The Company contributes 4% of the hourly and salaried payroll of the LaRonde Division to a defined contribution plan. The expense in 1996 was $1,152 (1995 - $764; 1994 - $893).

8. *Capital Stock*

Summary of common share transactions:

	1996		1995		1994	
	Shares	Amount	Shares	Amount	Shares	Amount
Common shares issued, beginning of year	39,759,506	$ 170,669	39,578,661	$169,622	39,276,775	$168,062
Shares issued under stock options (note 8(b))	339,215	3,565	180,845	1,047	301,886	1,560
Common shares issued, end of year	40,098,721	174,234	39,759,506	170,669	39,578,661	169,622
Less the Company's own shares held by subsidiary companies (note 8(a))	1,272,389	18,735	2,512,909	30,416	2,814,909	28,185
Net shares	38,826,332	$ 155,499	37,246,597	$140,253	36,763,752	$ 141,437
Weighted average number of shares outstanding	38,741,015		37,136,549		36,879,777	

The Company's common shares are covered by a Shareholder Rights Plan whereby each shareholder, in the event of certain takeover bids or other change-in-control transactions involving the acquisition of 20% or more of Agnico's outstanding voting shares, has the right ("Rights") to purchase from Agnico for an exercise price of $80.00 that number of shares of Agnico having an aggregate mar-

(thousands of Canadian dollars, unless otherwise indicated)

ket price equal to twice the exercise price. Until such time as a triggering bid for control occurs, the Rights trade together with the existing common shares and will expire on May 10, 1999, unless extended by the Board of Directors. A total of 40,098,721 common shares have been allotted and reserved for issuance in the event that the Rights are exercised.

In addition, the Company has reserved for issuance 7,053,893 common shares in the event that the senior convertible notes are converted into common shares.

(a) Changes in the Company's own shares held by subsidiary companies are as follows:

Transactions affecting own shares	Effect on Company's own shares (i), (ii)	
	Shares	Amount
Balance, December 31, 1993	2,320,358	$ 17,170
Purchases of Company's shares by subsidiary companies	1,135,151	18,343
Sales of Company's shares by subsidiary companies	(640,600)	(7,328)
Balance, December 31, 1994	2,814,909	28,185
Purchases of Company's shares by subsidiary companies	596,000	11,191
Sales of Company's shares by subsidiary companies	(898,000)	(8,960)
Balance, December 31, 1995	2,512,909	30,416
Purchases of Company's shares by subsidiary companies	177,180	5,147
Sales of Company's shares by subsidiary companies	(1,417,700)	(16,828)
Balance, December 31, 1996	1,272,389	$ 18,735

(i) Share transactions are effected at quoted market prices on the transaction dates.

(ii) These shares are owned by partially-owned subsidiary companies.

(b) Employee Stock Option Plan

The Company offers an Employee Stock Option Plan ("Plan") that provides for the granting of options to directors, officers, employees and service providers to purchase common shares. Share options have exercise prices equal to market price at the grant date. The number of shares subject to option for any one person may not exceed 5% of the Company's common shares issued and outstanding at the date of grant. Prior to June 17, 1994, options were granted for a five-year term and were exercisable immediately, and the total number of shares subject to option could not exceed 10% of the Company's issued and outstanding common shares at the date of grant. The expiry dates of these stock options are between January 15, 1997 and September 7, 2002. On June 17, 1994, at the Annual Shareholders' Meeting, a resolution was passed approving amendments to the Plan. Certain of these amendments include limiting the number of common shares reserved for issuance under the Plan to 6,000,000 common shares, and permitting options granted under the Plan to have a term of up to ten years. The Compensation Committee of the Board of Directors was also authorized to grant options exercisable in installments on such terms as to timing of vesting or otherwise as it deems advisable. In 1996, 1,536,000 options (1995 - 29,500; 1994 - 1,857,000) were granted under the Plan, which expire in the year 2006 (1995 - 2005; 1994 -

(thousands of Canadian dollars, unless otherwise indicated)

September 19, 2004). Of these options, 20% will be exercisable on the date of grant and the remaining 80% of the options granted may be exercised in four equal annual installments beginning one year after the date of grant.

The following summary sets out the activity in outstanding common share purchase options:

	1996		1995		1994	
	Shares	Weighted-average exercise price	Shares	Weighted-average exercise price	Shares	Weighted-average exercise price
Outstanding, beginning of year	3,668,955	$ 11.56	3,820,300	$ 11.32	2,244,186	$ 5.09
Granted	1,536,000	21.01	29,500	15.99	1,878,000	17.73
Exercised	(339,215)	10.52	(180,845)	5.79	(301,886)	5.17
Cancelled	(2,800)	17.75	—	—	—	—
Outstanding, end of year	4,862,940	$ 14.65	3,668,955	$ 11.56	3,820,300	$ 11.32
Options exercisable at end of year	2,873,640		2,531,155		2,334,700	

The following table summarizes information about the Company's stock options outstanding at December 31, 1996:

	Options outstanding			Options exercisable	
Range of exercise prices	Number outstanding at December 31, 1996	Weighted-average remaining contractual life	Weighted-average exercise price	Number exercisable at December 31, 1996	Weighted-average exercise price
$4.95 and $5.28	1,566,390	5 years	$5.00 per share	1,566,390	$5.00 per share
$13.00 - $15.87	26,600	3 years	$14.96 per share	21,800	$15.32 per share
$16.13 - $18.75	1,783,950	8 years	$17.74 per share	988,250	$17.75 per share
$21.00 - $24.87	1,486,000	10 years	$21.01 per share	297,200	$21.01 per share
$4.95 - $24.87	4,862,940	7 years	$14.65 per share	2,873,640	$11.13 per share

The Company has reserved for issuance 4,862,940 common shares in the event that these options are exercised.

The number of unoptioned shares available for granting of options as at December 31, 1996, 1995 and 1994 was 617,000, 2,150,200 and 2,179,700, respectively.

In 1994, the expiry dates on 1,335,000 options at $4.95 per share and 144,000 options at $5.28 per share, granted to the President of the Company, were revised from January 15, 1997 to January 15, 2002 and from September 7, 1997 to September 7, 2002, respectively. Subsequent to December 31, 1996, these options were all exercised by the estate of the former President resulting in the Company issuing 1,479,000 common shares to the estate of the former President for cash consideration of $7,369.

9. *Contingency*

On February 11, 1986, Agnico acquired the interest of Noranda Inc. ("Noranda") in Dumagami Mines Inc. ("Dumagami"). In November 1987, Noranda commenced a legal proceeding in the Supreme Court of Ontario against the Company, Dumagami and Mentor Exploration & Development Co., Limited ("Mentor"), a partially-owned subsidiary of the Company, as defendants. The plaintiff's claim arises from the sale by Noranda to the Company in February 1986 of 1,455,163 Dumagami shares.
The claim of Noranda is for:

(i) a declaration that Noranda has a constructive trust over Dumagami shares held by the Company and Mentor;

(ii) alternatively, a declaration that Noranda has a constructive trust on 1,455,163 Dumagami shares sold by it to the Company in February 1986;

(iii) against the Company and Mentor for an accounting of profits from Dumagami shares or, alternatively, an accounting from the Company of profits on the 1,455,163 Dumagami shares;

(iv) alternatively, for rescission of the February 1986 sale agreement and return of 1,455,163 Dumagami shares to Noranda; and

(v) against the three defendants for damages in the amount of $40,000 for breach of fiduciary duty and against the Company and Dumagami for breach of contract, negligence and breach of custom and practice.

The plaintiff alleges, inter alia, that the Company and Dumagami failed to make full and timely disclosure to Noranda, prior to the above-noted sale, of the material results, their meaning and the current activity from the Phase I exploration program, as extended, at Dumagami's Bousquet-Cadillac property and did not carry out the exploration in accordance with reasonable or sensible geological practice.

In February 1988, the defendants delivered a Statement of Defence in the proceeding. In their Statement of Defence, the defendants expressly deny all claims of Noranda and assert that Noranda was kept informed on a timely basis of all exploration at Dumagami's property and that Noranda chose to rely on their conduct of the exploration without critical comment or on-site inspections. The defendants assert that Noranda was well aware at the time of the sale that the defendants proposed to continue the exploration program in an effort to increase the known tonnage and grade. The defendants state that Noranda was given all available engineering data and was requested by Agnico to fund jointly the continuing program which Noranda elected not to do, electing instead to sell its Dumagami shares, because of its own historical lack of confidence in the property. The defendants assert that the exploration was carried out in keeping with sound mineral exploration practice in a progressive and cost-conscious manner and to Noranda's satisfaction without intervention by it at any time.

The Company believes that it has a good defence on the merits and has taken appropriate steps to defend the action vigorously. The parties have completed the discovery process and a pre-trial conference has been scheduled for April 1997.

(thousands of Canadian dollars, unless otherwise indicated)

10. *Income and Mining Taxes*

Income and mining taxes expense is made up of the following components:

	1996	1995	1994
Current			
Federal income taxes	$ 248	$ 827	$ (479)
Mining duties	—	—	610
	248	827	131
Deferred			
Federal income taxes	(749)	3,877	3,425
Provincial income taxes	(499)	2,585	2,342
Mining duties	1,200	3,800	2,282
	(48)	10,262	8,049
	$ 200	$ 11,089	$ 8,180

Deferred income and mining taxes expense (recovery) results from timing differences in the recognition of revenue and expenses for tax and financial statement purposes. The sources of these differences and the tax effect of each are as follows:

	1996	1995	1994
Depreciation	$ (3,576)	$ (2,182)	$ 4,893
Exploration and development	5,187	13,454	2,821
Other	(1,659)	(1,010)	335
	$ (48)	$ 10,262	$ 8,049

The income and mining taxes expense is different from the amount that would have been computed by applying Canadian statutory federal and provincial income tax rates due to the permanent differences noted below:

	1996	1995	1994
Combined federal and composite provincial tax rates	38.3%	38.6%	38.5%
Increase (decrease) in taxes resulting from:			
Federal surtax	41.0	1.1	1.0
Provincial mining duties	284.6	12.0	14.0
Resource allowances	(209.7)	(9.8)	(8.3)
Depletion	(97.3)	(7.4)	(7.3)
Processing, investment and treatment allowances net of disallowed expenses	(56.9)	(1.0)	(1.0)
Large Corporations Tax	161.3	2.7	2.6
Non-deductible expenses	66.0	—	—
Tax benefit previously unrecognized	(109.6)	—	—
Unrecognized benefit of non-capital losses	—	0.3	—
Rate differential	(35.9)	0.8	4.5
Drawdown rate difference	—	—	(6.7)
Miscellaneous	(43.0)	(2.3)	(0.5)
Actual rate as a percentage of pre-tax income	38.8%	35.0%	36.8%

(thousands of Canadian dollars, unless otherwise indicated)

Tax benefits relating to accounting operating and capital losses of approximately $5,300 and $18,700, respectively, have not been recorded in the accounts.

The Company's subsidiaries have non-capital income tax losses of approximately $3,614, which may be carried forward to reduce future years' taxable income. These losses expire as follows:

1997	$ 17
1998	41
1999	64
2000	210
2001	270
2002	13
2003	2,999
	$ 3,614

The Company and its subsidiaries have approximately $100,800 of cumulative Canadian exploration and cumulative Canadian development expenses available to reduce future years' taxable income.

11. *Related Party Transactions*

(a) Included in administration expense is $410 (1995 - $398: 1994 - $396) paid to Jakmin for office services provided throughout the year.

(b) In 1996 the Company paid management fees in the amount of $1,333 (1995 - $1,234; 1994 - $330) to W.A. Hubacheck Consultants Ltd., a company controlled by the newly appointed President of the Company, for exploration, project management and consulting services, of which $386 (1995 - $371; 1994 - nil) was capitalized as deferred expenditures. The services provided included the on-going management of the Company's exploration and development programs and the provision of all supervisory and field personnel employed on these programs. The Company believes that these management fees are as favourable to the Company as could be negotiated with an unaffiliated party and are recorded at the exchange amount.

12. *Financial Instruments*

The Company uses financial instruments, primarily forward foreign exchange contracts and foreign currency options, to hedge its exposure to the U.S./Canadian dollar exchange rate as a result of receiving the majority of its revenue in U.S. dollars. In 1995, the Company established a U.S.$13 million unsecured hedging facility with a Canadian chartered bank for the potential exposure associated with fluc-

tuations in foreign exchange and gold hedging products. At December 31, 1996, the Company has recorded a current asset of $846 (1995 - $697), net of amortization of $333 (1995 - nil), related to the costs of its outstanding foreign currency options under this arrangement. The Company has purchased put options for the sale of U.S.$30 million (1995 - U.S.$23 million) of its estimated 1997 U.S. dollar revenues at a weighted average exchange rate of $1.3623 Canadian (1995 - $1.375 Canadian). Concurrently, the Company sold call options for the delivery of U.S.$24 million (1995 - U.S.$11.5 million) at a weighted average exchange rate of $1.3838 Canadian (1995 - $1.44 Canadian). Also, at December 31, 1996, the Company has outstanding foreign currency forward exchange contracts that represent a net commitment to sell U.S. dollars of approximately U.S.$8.7 million over a period of eight months at a weighted average exchange rate of $1.3574 Canadian. At December 31, 1996, the aggregate unrealized deficiency of the net market value of the Company's hedged foreign currency position, after amortization of related costs, amounted to $948. Since the Company intends to hold its hedging contracts until their delivery dates, these unrealized changes in value do not affect the contracted hedge price that the Company will ultimately receive.

Subsequent to December 31, 1996, the Company sold call options for the delivery of U.S.$18 million in 1998 at a weighted average exchange rate of $1.38 Canadian.

The Company's exposure to interest rate risk at December 31, 1996 relates to its short-term investments and its amount due to brokers included in accounts payable and accrued liabilities of $76,576 and $2,112, respectively (1995 - $126,467 and $6,038, respectively). The Company's short-term investments have a fixed weighted average interest rate of 2.9% (1995 - 5.72%) for a period of 57 days (1995 - 27 days). Interest charges on the amounts due to brokers are based on the prevailing market rate of interest (note 6).

The Company's exposure to credit risk at December 31, 1996 approximates the carrying amounts of its financial assets.

The fair values of the Company's financial assets included in current assets, other than gold bullion and bullion awaiting settlement, and non-current and current financial liabilities, approximate their carrying values as at December 31, 1996. The fair value of the Company's gold bullion and bullion awaiting settlement included in current assets at December 31, 1996 is $32,533 and $22,197, respectively (1995 - $24,103 and $13,842, respectively). The fair value of the Company's senior convertible notes including holders' conversion option at December 31, 1996 is $156,545 (1995 - $143,801).

(thousands of Canadian dollars, unless otherwise indicated)

13. *Reconciliation to Accounting Principles Generally Accepted in the United States*

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada which differ in some respects from those in the United States. The following table presents amounts that would have been reported had the Company's consolidated financial statements been prepared on the basis of United States accounting principles:

	1996	1995	1994
Consolidated statements of income:			
Net income for the year as shown in the consolidated financial statements	$ 316	$ 18,613	$ 12,238
Items having the effect of increasing (decreasing) reported income			
Interest expense (i)	2,131	2,102	1,815
Deferred foreign exchange gain (loss) (ii)	(358)	4,611	(9,019)
Related income and mining taxes (recovery)	102	(1,789)	2,605
Net income under accounting principles generally accepted in the United States (iii), (vi), (vii), (xii), (xiii)	$ 2,191	$ 23,537	$ 7,639
Earnings per share (based on weighted average number of shares and share equivalents outstanding under the treasury stock method of 40,353,665 in 1996, 38,239,031 in 1995, and 37,580,162 in 1994) (xii)	$ 0.05	$ 0.62	$ 0.20
Consolidated balance sheets:			
Supplies (iv)	$ 5,435	$ 4,013	$ 3,004
Investments, loans, advances and other assets (i), (ii), (v)	$ 5,212	$ 5,703	$ 6,037
Mining properties (vi), (vii)	$ 277,584	$ 225,424	$ 170,956
Accrued liabilities (iv)	$ 5,351	$ 5,853	$ 5,070
Wages payable (iv)	$ 3,987	$ 1,877	$ 2,062
Amounts due to brokers (iv)	$ 2,112	$ 6,038	$ 6,664
Senior convertible notes (i)	$ 151,228	$ 147,926	$ 149,680
Deferred income and mining taxes (ii), (iii), (vi), (vii)	$ 57,011	$ 48,252	$ 34,475
Common shares (viii), (ix)	$ 272,747	$ 269,182	$ 268,135
Other paid-in capital (i)	$ —	$ —	$ —
Contributed surplus (x)	$ 10,714	$ 10,799	$ 5,968
Deficit (i), (ii), (viii), (ix), (x), (xii)	$ (82,792)	$ (79,715)	$ (98,183)
Total shareholders' equity (i), (ii), (v), (xii)	$ 181,934	$ 167,088	$ 144,906
Total assets (i), (ii), (iii), (v), (vi), (vii)	$ 433,544	$ 399,980	$ 367,624
Advances to officer and to the Employee Stock Purchase Plan (deducted in arriving at shareholders' equity) (v)	$ —	$ 2,762	$ 2,829
Consolidated statements of cash flows:			
Interest paid during the year (net of amounts capitalized) (xi)	$ 6,195	$ 6,742	$ 3,539
Income and mining taxes paid during the year (xi)	$ 3,137	$ 727	$ 2,429
Net change in non-cash working capital balances related to operations:			
Gold bullion and bullion awaiting settlement (xi)	$ (15,982)	$ (26,006)	$ 1,087
Accounts payable and accrued liabilities (xi)	$ (2,631)	$ (4,450)	$ 6,352
Cash provided by (used in) operating activities (xi)	$ (3,315)	$ 16,685	$ 33,198

(thousands of Canadian dollars, unless otherwise indicated)

(i) In 1996, under Canadian accounting principles, the Company retroactively presented the separate equity and liability components of the senior convertible notes as described in note 6. The new accounting policy is not permitted under United States accounting principles. Accordingly, under United States accounting principles, additional interest expense has been deducted to arrive at net income and proceeds allocated to holders' conversion option would be classified as a non-current liability rather than equity.

In addition, $858 of financing costs associated with the equity component of the senior convertible notes, which has been charged against retained earnings under Canadian accounting principles, has been classified as deferred financing costs under United States accounting principles.

(ii) United States accounting principles require that the deferred foreign exchange loss, net of tax of $102 in 1996 (1995 - $816; 1994 -$2,605), be included in the determination of income.

(iii) The Company, in 1993, adopted the requirements of the United States Financial Accounting Standards Board ("FASB") Statement 109, for purposes of preparing financial information in accordance with United States accounting principles, which requires the liability method of accounting for income taxes, on a prospective basis effective January 1, 1993. The effects on net income of FASB Statement No. 109 for each of the years in three-year period ended December 31, 1996 are not material.

As at December 31, 1996 and 1995, the Company's deferred tax assets and liabilities under the requirements of FASB Statement No. 109 are as follows:

	1996		1995	
	Assets	Liabilities	Assets	Liabilities
Non-Current:				
Income taxes:				
Mining properties (vi), (vii)	$ —	$ 24,704	$ —	$ 21,669
Plant and equipment	3,061	6,898	1,673	6,187
Deferred expenditures	5,453	12,797	5,025	8,349
Foreign exchange loss	918	—	816	—
Net operating and capital loss carry-forwards	8,939	—	9,686	—
Other	97	—	449	—
Valuation allowance	(15,139)	—	(14,711)	—
Total non-current	$ 3,329	$ 44,399	$ 2,938	$ 36,205
Mining taxes:				
Plant and equipment	$ 702	$ 5,400	$ 702	$ 7,705
Deferred expenditures	6,293	10,541	5,924	6,049
Other	—	—	—	1,231
Valuation allowance	(6,995)	—	(6,626)	—
Total non-current	$ —	$ 15,941	$ —	$ 14,985
Net non-current deferred income and mining taxes liability		$ 57,011		$ 48,252

At January 1, 1996, the valuation allowance was $21,337 (January 1, 1995 - $27,439). In 1996, the valuation allowance increased by $797 primarily as a result of an increase in deferred expenditures for which the tax benefit is not reasonably assured. In 1995, the valuation allowance decreased by $6,102 primarily as a result of the utilization of losses in 1995 for which no tax benefit was recorded previously.

(iv) The United States Securities and Exchange Commission (the"SEC") requires disclosure of amounts in excess of five percent of either total current assets or total current liabilities.

(v) In 1995 and 1994, advances to officer and to the Employee Stock Purchase Plan have been included in "Advances to Officer" in the consolidated balance sheets. The SEC requires that such accounts receivable be presented as deductions from shareholders' equity.

(vi) On December 31, 1994, the Company acquired effective control of Sudbury Contact. Under United States accounting principles, mining properties and deferred income taxes - non-current both increased by $3,332 as a result of the application of FASB Statement 109.

During 1996, the Company increased its interest in Sudbury Contact to 56.1% (1995 - 46.4%), which results, under United States accounting principles, in an increase of $2,927 (1995 - $1,726) to both mining properties and deferred income taxes - non current. On a pro forma basis under United States accounting principles, net income for the year ended December 31, 1996 would be $2,638 (1995 - $23,537) and earnings per share would be $0.07 (1995 - $0.62) had the acquisition occurred at the beginning of 1995.

In 1996, the Company increased its ownership interest in two other subsidiaries, which result, under United States accounting principles, in an increase of $107 to mining properties and deferred income taxes - non current as a result of the application of FASB Statement 109.

(vii) In 1993, the Company acquired Goldex Mines Limited. Under United States accounting principles, mining properties and deferred income taxes - non-current both increased by $16,612 as a result of the application of FASB Statement 109.

(viii) United States accounting principles require that share issue costs of $8,358 be recorded as a reduction of proceeds of issue instead of a charge to the retained earnings (deficit) account as has been done under Canadian accounting principles.

(ix) Generally accepted accounting principles in Canada allow for the reduction of the stated capital of outstanding common shares with a corresponding offset to deficit. This reclassification, which the Company made prior to 1994, is not permitted by United States accounting principles and would result in an increase in both capital stock and deficit of $106,871 at December 31, 1996, 1995 and 1994.

(x) The Company's interest in a subsidiary company which owns shares in Agnico has been accounted for on the cost basis prior to 1982. Subsequent thereto, the consolidation or equity method has been applied, as appropriate. United States accounting principles require that the consolidation or equity method be applied retroactively to the date of acquisition. This difference affected contributed surplus to the extent that the subsidiary company recorded gains and losses on sales of Agnico shares prior to 1982 and affected retained earnings to the extent of Agnico's share of gains (losses) of the subsidiary company prior to 1982. As a result, deficit and contributed surplus are increased by $1,232 under United States accounting principles.

(xi) United States accounting principles require disclosure, on a cash basis, of interest paid (net of amounts capitalized), income and mining taxes paid and changes in certain components of working capital. In addition, United States accounting principles do not permit the inclusion of gold bullion and bullion awaiting settlement in the definition of cash used to analyze cash flows. Changes in such items would be presented as operating activities.

(xii) The United States FASB has issued new accounting standards for stock-based compensation under FASB Statement No. 123, which is effective for fiscal years beginning on or after December 15, 1995. The Company, for purposes of preparing financial information in accordance with United States accounting principles, continues to account for its stock-based Plan under Accounting Principles Board Opinion 25 "Accounting for Stock Issued to Employees", which results in the recording of no compensation expense in the Company's circumstances. On a pro forma basis, 1996 net loss and loss per share would have been $(1,088) and $(0.03), respectively, after giving effect to the 1996 and 1995 grants (1995 grants - net income of $23,532 and earnings per share of $0.62, respectively). The weighted-average grant date fair value of options granted during 1996 amounted to $5.86 per share (1995 - $3.54 per share). The estimated fair value of the options is amortized to expense over the options' vesting period. As FASB Statement 123 is applicable only to options granted subsequent to December 31, 1994, its pro forma effect will not be fully reflected until 1997.

(thousands of Canadian dollars, unless otherwise indicated)

The Company estimated the fair value of options under the Black-Scholes option-pricing model and used the following weighted average assumptions:

	1996	1995
Risk free interest rate	5.5%	5.6%
Expected life of options	4.3 years	3.3 years
Expected volatility of the Company's share price	25.7%	22.6%
Expected dividend yield	0.63%	0.86%

The Black-Scholes option-pricing model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. As the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions, such as expected stock market price volatility, can materially affect the fair value estimate, in management's opinion, the existing pricing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

(xiii) The United States SEC requires that the $5,000 payment referred to in note 4(b) be recorded as compensation expense, which reduces 1996 operating income to $6,652.

14. *Comparative Consolidated Financial Statements*

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 1996 consolidated financial statements.

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The Corporation is required under the By-laws of The Toronto Stock Exchange (the "TSE") and the policy statements of the Montréal Exchange to make disclosure of its corporate governance practices with reference to the Guidelines for Improved Corporate Governance in Canada (the "TSE Guidelines") set out in the December 1994 Report of the TSE's Committee on Corporate Governance in Canada (the "TSE Report").

The following Statement of Corporate Governance Practices has been prepared by the Board's Governance Committee and approved by the Board of Directors. Certain of the TSE Guidelines have not been adopted where the Governance Committee believes they are not appropriate for the Corporation.

The Board of Directors believes that effective corporate governance contributes to improved corporate performance and enhanced shareholder value. The Corporation's governance practices reflect the Board's assessment of the governance structure and process which can best serve to realize these objectives in the Corporation's particular circumstances. The Corporation's governance practices are subject to ongoing review and evaluation through the Board's Governance Committee, to ensure that, as the Corporation's business evolves, changes in structure and process necessary to ensure continued good governance are identified and implemented.

Mandate of the Board

The Board's responsibility is to supervise the management of the business and affairs of the Corporation and to act with a view to the best interests of the Corporation.

In discharging this responsibility, the Board oversees and monitors significant corporate plans and strategic initiatives. The Board's strategic planning process consists of an annual review of the Corporation's three year business plan and, from time to time (at least annually), a meeting focussed on strategic planning matters. As part of this process, the Board reviews and approves the corporate objectives proposed by the President and advises management in the development of a corporate strategy to achieve those objectives.

The Board also monitors the performance of senior management against the business plan through a periodic review process (at least every quarter) and reviews and approves promotion and succession matters. The Board reviews the principal risks inherent in the Corporation's business, including environmental, industrial and financial risks, and assesses the systems to manage these risks. The Board considers the Corporation's approach to communications with shareholders and other stakeholders and approves specific communications initiatives from time to time. The Board, directly and through its Audit Committee, also assesses the integrity of the Corporation's internal control and management information systems.

The Board meets at least six times a year and more frequently if required. In 1996, the Board held 11 meetings.

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Composition of the Board

The Board of Directors comprises 12 members. The Board believes that a majority of its members, Messrs. Beaumont, Dobbs, Green, Klyman, Kraft, Langston, Pon and Sheriff, are "unrelated" within the meaning of the TSE Report, i.e., independent of management and free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with their ability to act as a director with a view to the best interests of the Corporation, other than interests and relationships arising from shareholdings.

In reaching this determination, the Board considered the circumstances and relationships with the Corporation and its affiliates of each of its directors. In determining that Messrs. Beaumont, Dobbs, Green, Klyman, Kraft, Langston, Pon and Sheriff are unrelated to the Corporation, the Board took into consideration the fact that none was an officer or employee of the Corporation or party to any material contract with the Corporation and that none received remuneration from the Corporation in excess of directors' fees and grants of stock options.

Four of the directors are related because two of them are members of management of the Corporation, one of them is a relative of a member of management of the Corporation and one of them is an officer of a subsidiary of the Corporation, although he receives no remuneration for this office.

No Significant Shareholder

The Corporation's common shares are widely held and it has no "significant shareholder" as defined in the TSE Report, i.e., no shareholder with the ability to exercise a majority of the votes for the election of directors to the Board. FMR Corp. of Boston, Massachusetts, a United States based investment company, holds approximately 8% of the Corporation's outstanding common shares.

Independence from Management

Mr. Langston is the Chairman of the Board of Directors and Mr. W. A. Hubacheck is the President and Chief Executive Officer of the Corporation. Mr. Langston is not a member of management. The separation of the offices of Chairman and Chief Executive Officer enhances the ability of the Board to function independently of management. The Board may also meet independently of management and the related directors or may excuse such persons from all or a portion of any meeting where a potential conflict of interest arises or where otherwise appropriate. The Board has adopted a policy of permitting individual directors, subject to the approval of the Board, to engage outside legal, financial or other expert advisers at the Corporation's expense in the appropriate circumstances.

Board Committees

The Board has four Committees: the Audit Committee, the Compensation Committee, the Governance Committee and, since August 21, 1996, the Executive Committee. From time to time, *ad hoc* committees of the Board are appointed.

Audit Committee

The Audit Committee has five primary objectives: to improve the accountability of the Corporation's directors, to improve communications between the Corporation's directors and its external auditors, to enhance the independence of the Corporation's external auditors, to increase the quality and objectivity of the Corporation's financial reporting and to strengthen the role of the Corporation's outside directors through improved communications among the committee's members, management and the Corporation's external auditors.

The Audit Committee is responsible for reviewing all financial statements prior to approval by the Board, all other disclosures containing financial information (e.g., press releases), all management reports which accompany any financial statements, all internal and external audit plans and any recommendation affecting the Corporation's internal controls, the results of internal and external audits and any changes in accounting practices or policies and the financial impact of such changes, any accruals, provisions, estimates or related party transactions that have a significant impact on the Corporation's financial statements and any litigation, claim or other contingency that could have a material effect upon the Corporation's financial position or operating results and the disclosure of such claims and contingencies in the Corporation's financial statements. In addition, the Audit Committee is responsible for assessing management's programs and policies relating to the adequacy and effectiveness of internal controls over the Corporation's accounting and financial systems, for considering the appointment and remuneration of external auditors to the Board and any other matter which it considers should be taken into account in recommending the approval of any financial statements to the Board. The Audit Committee reports directly to the Board of Directors.

The Audit Committee is composed entirely of unrelated and outside directors (currently, Messrs. Dobbs, Klyman, and Kraft). The Audit Committee met four times in 1996.

Compensation Committee

The Compensation Committee's responsibilities include reviewing and recommending, for the Board's approval, policies relating to compensation of the Corporation's executive officers, the amount and composition of annual compensation to be paid to the Corporation's executive officers and matters relating to pension, stock option and other incentive plans for the benefit of executive officers. The Compensation Committee is also responsible for administering the Corporation's Stock Option Plan for the benefit of directors, officers and employees of, and service providers to, the Corporation, reviewing and fixing the amount and composition of annual compensation to be paid to members of the Board and committees thereof and reviewing and assessing the design and competitiveness of the Corporation's compensation and benefits programs generally. Effective September 19, 1996, the Compensation Committee reports to the Executive Committee of the Board of Directors.

The Compensation Committee is composed entirely of unrelated and outside directors (currently, Messrs. Green, Kraft and Pon). The Compensation Committee met four times in 1996.

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Governance Committee

The Governance Committee is responsible for evaluating the Corporation's governance practices, developing its response to the TSE Guidelines and recommending changes to the Corporation's governance structures or processes as it may from time to time consider necessary or desirable. In addition, the Governance Committee is responsible for (i) reviewing on an annual basis the mandates of the Board of Directors and of each committee of the Board and recommending to the Executive Committee any changes it considers necessary or desirable; (ii) assessing annually the effectiveness of the Board as a whole and recommending any necessary or desirable changes; (iii) reviewing on a periodic basis the composition of the Board to ensure that there remain an appropriate number of unrelated directors; and (iv) participating in the recruitment and recommendation of new nominees for appointment or election to the Board. The Governance Committee also provides a forum for a discussion of matters not readily discussed in a full Board meeting. Effective September 19, 1996, the Governance Committee reports to the Executive Committee of the Board of Directors at least once annually.

The Governance Committee is composed entirely of unrelated and outside directors (currently, Messrs. Dobbs, Green and Pon). The Governance Committee met five times in 1996.

Executive Committee

The Executive Committee acts on behalf of the Board during the intervals between meetings of the Board of Directors in respect of matters requiring the immediate consideration of the Board. The Executive Committee has all the duties and responsibilities of the Board of Directors, subject to statutory limits on the delegation of authority by the Corporation's directors.

The Executive Committee is composed of four members (currently, Messrs. Clement, W.A. Hubacheck, Langston and Nasso), three of whom are inside and related directors of the Corporation. The Executive Committee met six times in 1996.

Decisions Requiring Board Approval

Management is authorized to act, without Board approval, on all ordinary course matters relating to the Corporation's business. Management seeks the Board's prior approval for significant changes in the Company's affairs such as major capital expenditures, financing arrangements and significant acquisitions and divestitures. Board approval is required for any venture outside of the Corporation's existing businesses and for any change in senior management. Recommendations of committees of the Board require the approval of the Executive Committee or the full Board, as necessary, before being implemented. In addition, the Board oversees and reviews significant corporate plans and initiatives, including the annual three-year business plan and budget and significant matters of corporate strategy or policy.

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Board Performance

To permit the Board to better understand the Corporation's business, outside geological, financial and legal experts are called upon to attend and make presentations at regular Board meetings. In addition, members of the Board are invited to visit the Corporation's mining facilities to undertake a first hand examination of the Corporation's operations.

Shareholder Feedback

The Corporation conducts an active investor relations program. The program involves responding to shareholder inquiries, briefing analysts and fund managers with respect to reported financial results and other announcements by the Corporation, as well as meeting with individual investors and other stakeholders. Senior management reports regularly to the Board on these matters. The Board reviews and approves the Corporation's major communications with shareholders and the public, including all press releases, quarterly and annual financial results, the annual report, and management information circular.

Expectations of Management

The Board holds management responsible for the development of long-term strategies for the Corporation. The role of the Board is to review, question, validate and ultimately approve the strategies and policies proposed by management. The Board relies on management to perform the data gathering, analysis and reporting functions which are critical to the Board for effective corporate governance. In addition, the President and the Chief Financial Officer report to the Board at least every quarter on the Corporation's progress in the preceding quarter and on the strategic, operational and financial issues facing the Corporation.

Directors

John T. Clement, Q.C.
Vice-President,
Agnico-Eagle Mines Limited

Irving Dobbs
President, Dobbs & Co. Insurance Limited

Wencel A. Hubacheck
President and Chief Executive Officer
Agnico-Eagle Mines Limited

Milton Klyman, CA
Financial Consultant

Bernard Kraft, CA
Chartered Accountant

Charles E. Langston
Chairman, Agnico-Eagle Mines Limited

James D. Nasso
President, Unilac Limited

Dr. George A. Pon
Engineer

Ernest Sheriff
Self-Employed Prospector

Dr. Alan Green
Dentist

Doug R. Beaumont
Senior Vice-President, Process Technology
Kilborn SNC Lavalin

Peter Hubacheck
Consulting Geologist,
W.A. Hubacheck Consultants Ltd.

Officers

Charles E. Langston
Chairman

Wencel A. Hubacheck
President and Chief Executive Officer

John T. Clement, Q.C.
Vice-President

Sean Boyd, CA
Vice-President and Chief Financial Officer

Barry Landen
Vice-President and Corporate Secretary

Ebe Scherkus, P.Eng.
Vice-President, Operations

Anton Adamcik, P.Eng.
Vice-President, Exploration and Environment

Consultants

W.A. Hubacheck Consultants Ltd.
Consulting Geologists

John M. Mortimer, B.Sc., P.Eng.
Consulting Metallurgist

Brian Thorniley, B.Sc., M.Sc., P.Eng.
Consulting Geologist

Mining Personnel

LaRonde Division

Paul Henri Girard, P.Eng.
Mine Manager

Roger Lacerte, P.Eng.
Mine Superintendent, Shaft #1, #2, #3

Marc H. Legault, M.Sc., P.Eng.
Sr. Geologist

Bennett McLaughlin, P.Eng.
Chief Engineer

Felix St. Amant
Chief Electrician

Jean Robitaille, C.E.T
Mill Superintendent

Marcel Bordeleau
Chief Accountant

Claude Leveillée, B.Sc.
Safety and Personnel

Jean Beliveau, P.Eng.
Mechanical Superintendent

Joutel Division

Jacques Gauthier, P.Eng.
Project Manager

Gaetan Goulet
Human Resources and Safety Manager

Richard Genest, P.Eng.
Chief Geologist

Jean-Claude Bouchard
Chief Electrician

Guy Lachance
Underground Superintendent

Ronald Mercier
Chief Accountant

Gérald Pelletier
Mechanical Superintendent

Goldex Division

Daniel Racine, P.Eng.
Project Engineer

Silver Division

John Young
Mine Manager

Max Chartrand
Refinery Superintendent

Exploration Division

Alain Blackburn, P.Eng.
Chief Geologist

Denys Vermette
Project Geologist

Dino Lombardi
Exploration Geologist

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Mine Office – Silver Division
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Exploration Division
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Barristers & Solicitors
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Toronto, Ontario M5J 2J7

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Washington, D.C. 20005-3917

Form 20-F
A copy of the Company's Annual Report on Form 20-F filed with the Securities and Exchange Commission is available upon written request, at no charge, from the Corporate Secretary at the Company's executive and registered office.

Pour obtenir un exemplaire de la version française de ce rapport, veuillez écrire au Chef des finances.
Mines Agnico-Eagle Limitée
Bureau 2302
401 Bay Street
Toronto (Ontario) M5H 2Y4

Registrar and Stock Transfer Agent
Questions on stock transfer, change of address, lost certificates and dividends should be sent to:

Montreal Trust Company of Canada
151 Front Street West, 8th Floor
Toronto, Ontario M5J 2N1
Telephone: (416) 981-9500

Place Montreal Trust
1800 McGill College Ave.
Montreal, Quebec H3A 3K9
Telephone: (514) 982-7000

Co-Registrar and Co-Transfer Agent New York
Bank of Nova Scotia Trust Company of New York
One Liberty Plaza
New York, N.Y. 10006
Telephone: (212) 225-5470

Bankers
Canadian Imperial Bank of Commerce
Toronto, Ontario

The Toronto-Dominion Bank
Toronto, Ontario

Stock Exchange Listings
The Toronto Stock Exchange
Montreal Exchange
Trading Symbol AGE
New York Stock Exchange
Trading Symbol AEM
Convertible Notes due 2004
NASDAQ Symbol AEGGF

Annual Meeting of Shareholders
June 26, 1997, 9:30 a.m.
Toronto I Room
Toronto Hilton Hotel
145 Richmond Street West
Toronto, Ontario, Canada

AGNICO-EAGLE
MINES LIMITED